

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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## WORLD NEWS

### At least 50 killed in Nepal protest

Troops firing on thousands of pro-democracy demonstrators in Nepal may have killed as many as 50 people and wounded 200 others. Shooting broke out as the protesters tried to storm the palace of King Birendra in the capital Kathmandu.

The demonstrators, who shouted slogans against the King and called for the ban on political parties to be lifted, were staging the Nepal's biggest pro-democracy protest since the reform movement began in mid-February. Page 3

**Afghan generals slain**

Two Afghan army generals were killed and many government officials wounded when Afghan guerrillas attacked a government rally attended by about 10,000 people near the north-western city of Herat. Page 2

**Tories warned of 'panic'**

Arts Minister Richard Luce warned fellow Conservatives of "panic in the air" and said the party must "pull itself together." It is the first time during the present government troubles that a minister has publicly admitted all is not calm. Page 26

**FT man missing**

FT correspondent Mark Huband was reported missing in Liberia after rebels in Nimba County ambushed the train in which he was travelling.

**Order on riot film**

An Old Bailey judge in London ordered 25 newspapers and television organisations to give the police published and unpublished film of last weekend's London poll tax riot. Judge Neil Denison said there was an "overriding public interest" in the police having the films. Protesters aim to retake moral high ground, Page 4

**Latvian split threatens**

Latvia's Communist Party faces a split. Delegates who support independence for the Baltic Soviet state threaten to walk out of the congress tomorrow unless the party backs separation from its Moscow parent. At least a third of delegates say they would quit and form their own social democratic party. Page 2

**Rembrandt damaged**

An apparently deranged Dutchman sprayed acid on Rembrandt's famous Night Watch, which hangs in the Rijksmuseum, Amsterdam. The painting, slashed with a knife in a 1975 attack, was only slightly damaged by the acid.

**US quest for new bases**

Seven members of a US House of Representatives subcommittee leave for east Asia today in a quest for possible alternative sites for military bases. The US leases on Clark Air Force Base and Subic Bay Naval Base in the Philippines run out next year.

**Spanish soccer brawl**

Two brothers were killed and 18 injured when soccer fans clashed with police in Barcelona after Real Madrid's unexpected 2-0 defeat by Barcelona in Spain's cup final. A woman from Manchester was one of two arrested in connection with the killings.

**Air safety code issued**

The Civil Aviation Authority launched an Air Travellers' Code to improve safety and security on aircraft. The initiative was prompted by a rise in number of cases of dangerous goods being found in passengers' baggage.

**Fourth Aintree victim**

Native Friend became the fourth horse in two days to die at Aintree racecourse, Liverpool, where the Grand National will be run today. The horse fell and broke its neck in the Glenlivet Anniversary Hurdle. The killing game, Weekend FT Page I

## BUSINESS SUMMARY

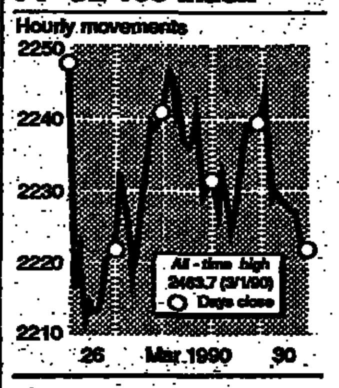
### Pall Mall takes 40% of Laing Prop

The independence of Laing Properties, on the receiving end of a £492m hostile bid from Pall Mall Properties, is in the balance after the bidder launched a fresh market raid, taking its holding in Laing to more than 40 per cent.

Significantly, one of the sellers was the Stewards Company, acting on behalf of the J. W. Laing Trust and the J. W. Laing Biblical Scholarship Trust. Page 22

UK EQUITIES: The bounce in the Tokyo market failed to provide lasting encouragement for the London equity sector which drifted back towards the bottom end of its trading range yesterday. The FT-SE 100 index closed 18.4 down at 2,221.1, a fall of 26.8 on the week. Market report, Page 13; Lex, Page 22

**FT-SE 100 Index**




UAL, parent company of United Airlines, agreed in principle to a \$4.36bn (£2.6bn) employee takeover offer, bringing close the end to a long fight for ownership of the second largest US carrier. Page 10

AEROSPATIALE of France and Messerschmitt-Bölkow-Blohm of West Germany have agreed to merge their helicopter activities. The new company will be 60 per cent owned by Aerospatiale and 40 per cent by MBB. Page 10

BOOTS the Chemist, the retail chain which is part of the Boots retail group and pharmaceutical manufacturer, is shedding 500 jobs in its 219 large stores. It hopes to re-deploy people elsewhere in the business and redundancies may be limited to half the job losses. Page 5; Lex, Page 22

BRITISH Nuclear Fuels, the state-owned nuclear reprocessing company, plans to team up with generator manufacturers and electricity companies to build two nuclear power stations on its sites at Capenhurst near Chester and at Chapelcross in southern Scotland. Page 5

US THRIFTS: Rescuing and reorganising the ailing US savings and loan industry may cost \$325bn (£198bn) over the next 10 years, more than the US's annual defence budget. Page 2

GUINNESS PEAT Aviation, the world's largest aircraft leasing company, is looking to take advantage of new openings in east Europe, as 200 large Soviet-built jets in central Europe will need replacing in the next 10 years.

LAIRD, the UK group which makes car body seals and other rubber and plastic products, doubled its pre-tax profit to £43.7m in 1989 – the year it sold its transport businesses – compared with £21.3m in 1988. Page 8

SKETCHLEY, the UK industrial services and cleaning group, has appointed a new management team to lead its efforts to escape the hostile £93.4m offer from Compass, the contract cleaning and services company. Page 8; Lex, Page 22

TATE & LYLE, the UK sweeteners group, has told the Office of Fair Trading that it is contemplating a takeover offer for Berisford International, the commodities group which owns British Sugar. Page 8

## Concession could soften opposition to membership of Nato

# Soviets ease on neutral Germany

By Lionel Barber in Washington

THE SOVIET Union has dropped its demand for a neutral unified Germany, Mr James Baker, US Secretary of State, said yesterday.

US officials believe the move amounts to an important shift which could lead to Moscow softening its opposition to German membership of the Nato alliance.

The Soviet concession came on the third day of intense high-level talks in preparation for a five-day summit between President George Bush and President Mikhail Gorbachev, starting May 30.

The talks have been marked by blunt exchanges on the Lithuania crisis. However, both sides have been anxious to press ahead with arms control negotiations and efforts to narrow differences on regional conflicts in Angola, Afghanistan and Cambodia.

Mr Eduard Shevardnadze, Soviet Foreign Minister, emerging from a White House meeting with Mr Bush, predicted that the summit would become "a major event in world affairs." He expected a range of agreements on trade, arms control and space, but conceded that a Strategic Arms Reductions Talks (Start) treaty, reducing long-range missiles, would not be completed in time.

On Lithuania, Mr Shevardnadze said his country had a clear conscience on its actions in the breakaway Baltic republic.

Lithuania was a domestic issue and public order had to be maintained, he said.

Mr Bush – who is under pressure from Congress to be more outspoken – told Mr Shevardnadze that further armed intimidation by the Soviets in Lithuania could disrupt bilateral relations.

In spite of these differences, the two superpowers have sought this week to remove doubts about their warming relationship by announcing the plans for a summit. The location and the agenda have yet to be fully agreed, although Mr Gorbachev will spend most of his time in Washington.

In addition, Mr Bush made his own concession to Mr Gorbachev by agreeing to admit the Soviet Union immediately to observer status at the General Agreement on Tariffs and Trade (Gatt), rather than delaying its entry until next year, after the Uruguay round of world trade negotiations.

Mr Baker said yesterday that the Soviets had indicated a willingness to consider allowing direct flights to Israel, providing they receive guarantees from Israel that no émigrés are settled in the occupied territories of the West Bank and Gaza Strip.

On the subject of German unification, Mr Baker said the Soviet Union had concluded that neutrality was "not the best route to go," but Nato membership for Germany remained a problem.

"We were equally firm in our view that a unified Germany must remain a member of Nato and that would indeed provide stability [to Europe]," Mr Baker added.

The Soviet shift on neutrality improves the prospect for the "two-plus-four" talks on German unification between representatives from West Germany and East Germany, as well as the US, Soviet Union, France and the UK. These may begin at ministerial level later this month.

Mr Hans-Dietrich Genscher, West Germany's foreign minister, has suggested keeping Nato troops from entering areas currently in East Germany, even though the merged country would be part of the West Alliance. There is also the possibility of transitional arrangements for Soviet troops in the East.

Paris and Bonn back monetary union plan, Page 2

Soviet Foreign Minister Eduard Shevardnadze (right) checks on the Washington weather as President Bush greets him before their White House talks yesterday

## Weekend FT



## Dutch aim to replant S American rain forest

By Laura Raun in Amsterdam

THE DUTCH may give a breath of fresh air to the lungs of the world, South America's rain forests.

They intend to replant tropical trees in an area equivalent to the size of Luxembourg – 250,000 hectares – over 25 years at a cost of Fl875m (£279m) to offset carbon dioxide pollution expected from two new coal-fired power plants.

If the scheme is launched next year, as hoped, it could help restore razed forests that combat global warming by breathing in carbon dioxide and exhaling oxygen.

Dutch consumers would pick up the annual Fl40m bill for the programme, the average family paying a modest Fl1.50 extra a year in electricity charges. The Dutch Electricity Generating Board (SEP) wants the Government to divert Fl20m annually from the carbon dioxide tax to the reforestation programme but The Hague has baulked.

The trees-for-wheeze concept was pioneered by a US electricity utility but the SEP apparently is the first European group to try it. The World Bank and the tropical forestry action plan of the United Nations' Food and Agricultural Organisation are co-operating.

The Calvinistic, environmentally-conscious Dutch feel compelled to be stewards of their small and crowded plot of ground and are busy with what is perhaps the world's most comprehensive national plan to clean up pollution – air, water and soil – by 2010.

The Christian Democrat-Labour Government has given its blessing to the reforestation scheme but is still struggling to enshrine the national environment plan in law.

Under the green scheme about 10,000 hectares of land where rain forests have been burnt or cut down would be replanted each year. Bolivia, Peru and Colombia would be first, followed by Ecuador and Costa Rica.

Continued on Page 22

## Irish court refuses fresh extradition

By Kieran Cooke in Dublin

ANGLO-IRISH relations suffered another blow yesterday when the Irish Supreme Court refused to allow the extradition of Mr Owen Carron, who is wanted in Northern Ireland on firearms charges.

The decision came only three weeks after a similar ruling in the cases of two other men – Mr Dermot Finucane and Mr James Clarke – who had both taken part in a mass IRA break-out from the Maze prison near Belfast in 1983.

Mr Carron, a former MP and a member of Sinn Fein, the IRA's political wing, had originally been arrested in Northern Ireland in 1985 for possession of a firearm. Mr Carron escaped while on bail and was arrested by police in the Irish Republic in 1987.

The Northern Ireland Office said the British Government found the decision disturbing. It was hard to see that "acts of terrorism which put peoples' lives at risk are in any way political."

Ulster unionist politicians also attacked the decision and reaffirmed their hostility to the Anglo-Irish agreement.

Mr Ken Maginnis MP, the Ulster Unionist Party's security spokesman, described the decision as "a mandate for murder in Northern Ireland by the IRA."

The Rev Ian Paisley MP, leader of the Democratic Unionists, said the ruling proved the Anglo-Irish Agreement was now a "shambles."

The unanimous decision of the Supreme Court judges was based on the view that Mr Carron's alleged offence was political.

The failure of the Carron extradition case is believed to have been a central part of informal discussions between Mr Peter Brooke, the Northern Ireland Secretary, and Mr Gerry Collins, the Irish Foreign Minister, in Dublin yesterday. Earlier, Mr Brooke met Mr Charles Haughey, the Irish Prime Minister.

Mr Brooke emerged afterwards clearly angry about Carron's escape from justice, saying he was "greatly disturbed." He described the case as "a matter of great concern" and of having "damaging implications," particularly after the Supreme Court's action last month.

However, one solution being suggested last night and being given an airing at the weekend conference of Mr Haughey's Fianna Fail party is greater use of cross-border legislation, with suspected terrorists being tried in the Republic.

The Dublin conference will also hear calls for extradition to Britain and Northern Ireland to be scrapped altogether.

Irish legal experts have pointed out that Mr Carron's extradition case had been brought under the terms of pre-1987 Irish law, which allows for a defence against extradition on political grounds. They say that in most future extradition cases, a political defence will not be admissible.

Yet there is little doubt that extradition procedures between Ireland and Britain have been dealt a severe blow. The decision will also be seen by many as another blow to the Anglo-Irish Agreement.

Mr Ken Maginnis said the agreement was now "dead on its feet," while Mr Paisley said the IRA would benefit from the decision. "It is now clear that the safest possible place for any terrorist is in the south of Ireland," he said.

## Fiat and Ford negotiate on heavy truck merger

By Kevin Done and Nick Garnett

FIAT OF Italy and Ford of the US, two of the world's leading automotive groups, have begun negotiations on combining their world-wide farm machinery and heavy truck operations.

The two companies refused to give details of the talks yesterday, but Ford is understood to be examining a long-term withdrawal from many of its non-automotive businesses, including construction machinery and diesel engines.

Together, the Ford New Holland and the Fiat farm tractor operations would become the world market leader with more than a fifth of total world sales, overtaking the Massey-Ferguson division of the Varity Corporation of Canada.

Ford is facing heavy development costs in the coming decade in its core car and light commercial vehicle operations in the face of increasing Japanese competition. It has already announced its strategic withdrawal from aerospace and defence activities.

The two companies may form a series of joint ventures with Fiat holding management control, but both stressed yesterday that they would maintain "product and market identities."

Ford and Fiat said in a joint statement that they were holding discussions which "could lead to world-wide arrangements" for their tractor and farm equipment operations and were "exploring possible areas of co-operation in the heavy truck business."

Ford New Holland, which had sales last year of \$3bn (£1.83bn), makes farm tractors, combine harvesters, small earth-moving machinery and diesel engines. It supplied 35,000 engines for Ford heavy and medium trucks last year.

The company, which has its principal tractor plant at Basildon, Essex, claims 13 per cent of the world market. Fiat is smaller, but is number one in Europe. Ford sold 84,000 tractors last year, to Fiat's 52,500.

Since the two companies together would command well over 20 per cent of the European Community tractor mar-

Continued on Page 22

BMW gets go ahead for Swindon complex, Page 4; Ford suffers falling new car sales, Page 5



## MARKETS

**STERLING**
*New York lunchtime:*
\$1.6395
London:
\$1.6390 (1.6415)
DM2.7775 (2.7900)
FFr9.3350 (9.3800)
SFr2.4575 (2.4650)
Y258.25 (258.75)
£ index 87.5 (87.9)

**GOLD**
New York: Comex Jun \$383.2
London:
\$377.75 (377.25)

**N SEA OIL** (*Argus*)
Brent 15-day May
\$17.625 (17.90)

Chief price changes yesterday: Page 22

**DOLLAR**
*New York lunchtime:*
DM1.6960
FFr5.7015
SFr1.5015
Y157.70
London:
DM1.6950 (1.6995)
FFr5.6950 (5.7150)
SFr1.5000 (1.5010)
Y157.50 (157.65)
\$ index 68.5 (68.7)
Tokyo close: Y157.47

**US LUNCHTIME RATES**
Fed Funds 8¼%
3-mo Treasury Bills: yield: 8.002%
Long Bond: 99⅔
yield: 8.513%

**STOCK INDICES**
FT-SE 100:
2,221.1 (−18.4)
FT Ordinary:
1,740.2 (−16.1)
FT-A All-Share:
1,103.10 (−0.7%)
New York lunchtime:
DJ Ind. Av.
2,710.59 (−10.58)
S&P Comp
339.33 (−1.4)
Tokyo: Nikkei
29,278.78 (+1,029.72)

**LONDON MONEY**
3-month interbank:
closing 15⅛ (15⁵⁄₃₂)
Liffe long gilt future:
June 82$\frac{3}{32}$ (82$\frac{22}{32}$)

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Austria Sch24; Bahrain Din0.700; Bermuda \$1.50; Belgium BFr55; Canada C\$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr180; Hong Kong HK\$12; Hungary Ft107; Iceland IKR180; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1,000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes900; Morocco Dh6.00; Netherlands Fl3.25; Norway Nkr12.00; Portugal Esc150; S.Arabia Rls7.00; Singapore S\$4.10; Spain Pts185; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT\$80; Thailand Bht50; Tunisia Din0.800; Turkey L1400; UAE Dh7.00; USA \$1.00.

# Cost of savings and loan rescues may be $325bn

By **Peter Riddell**, US Editor in Washington

RESCUING and reorganising the ailing US savings and loan industry may cost $325bn (£198bn) over the next 10 years, according to the General Accounting Office which audits government on behalf of Congress. This is more than the US's annual defence budget.

The new estimate of the largest financial rescue in history comes as the head of a defunct Texas savings and loan institution, or thrift, was sent to prison for 30 years for a series of fraud charges.

The latest projection compares with one of $257bn only five months ago and the Bush administration's figure of $166bn.

In testimony yesterday to the Senate Banking Committee, Mr Charles Bowsher, the Comptroller General, called on the administration to "develop proposals to provide additional funds."

The sharp increase in the cost of the rescue reflects more pessimistic assumptions about the time taken to dispose of assets following delays in the past year, and about the likely sale prices, interest costs and administrative expenses.

Even in the short term, Mr Bowsher warned that the $50bn approved by Congress up to 1991-92 was likely to prove inadequate by a substantial margin. The possible cost might be at least double. To date, only 52 of the 403 thrifts acquired in the past 14 months have been sold or closed.

The administration hopes to speed up the pace of rescues and sales, closing or disposing of 140 thrifts by the end of June, following the adoption of flexible new rules. One complicating factor has been removed with the Senate confirmation this week of Mr Timothy Ryan as the chief regulator of the Office of Thrift Supervision.

The record 30-year prison sentence for Mr Woody Lemons, the former chairman of Vernon Savings and Loan, highlights the growing pace of trials of former thrift executives for fraud, especially in Texas. A judge in Dallas described Mr Lemons as "a thief in every sense of the word." He was found guilty of 13 charges including receiving $212,000 from the proceeds of a property development loan and concealing details of the fraud.

Vernon was closed in November 1987 at a cost to taxpayers of $1.3bn. Six other Vernon officials, a consultant and two borrowers have been convicted or have pleaded guilty to various crimes. Mr Patrick King, Vernon's former president, was sent to prison last November for five years for his role in a conspiracy to use Vernon's deposits to pay female escorts to entertain a former savings regulator in Texas and for political contributions.

Mr William Seidman, the chairman of the Resolution Trust Corporation, which handles the rescues, recently estimated that criminal fraud had been found at 60 per cent of the savings institutions seized by the Federal authorities last year. This is three times the fraud rate in commercial bank failures.

He said these kinds of crimes, should be punished severely.

# Private-sector jobs growth stops

By **Anthony Harris** in Washington

US PRIVATE-sector employment growth stopped in its tracks in March, after rising strongly in the first two months of the year.

*Non-farm payrolls rose 26,000* to a seasonally adjusted 110m – the smallest monthly gain since a fall of 110,000 in June 1986. The figures had risen by a revised 356,000 in February. The total would have fallen by 74,000 had not the Census Bureau hired 80,000 helpers for the national census now in progress. Unemployment fell by 0.1 to 5.2 per cent.

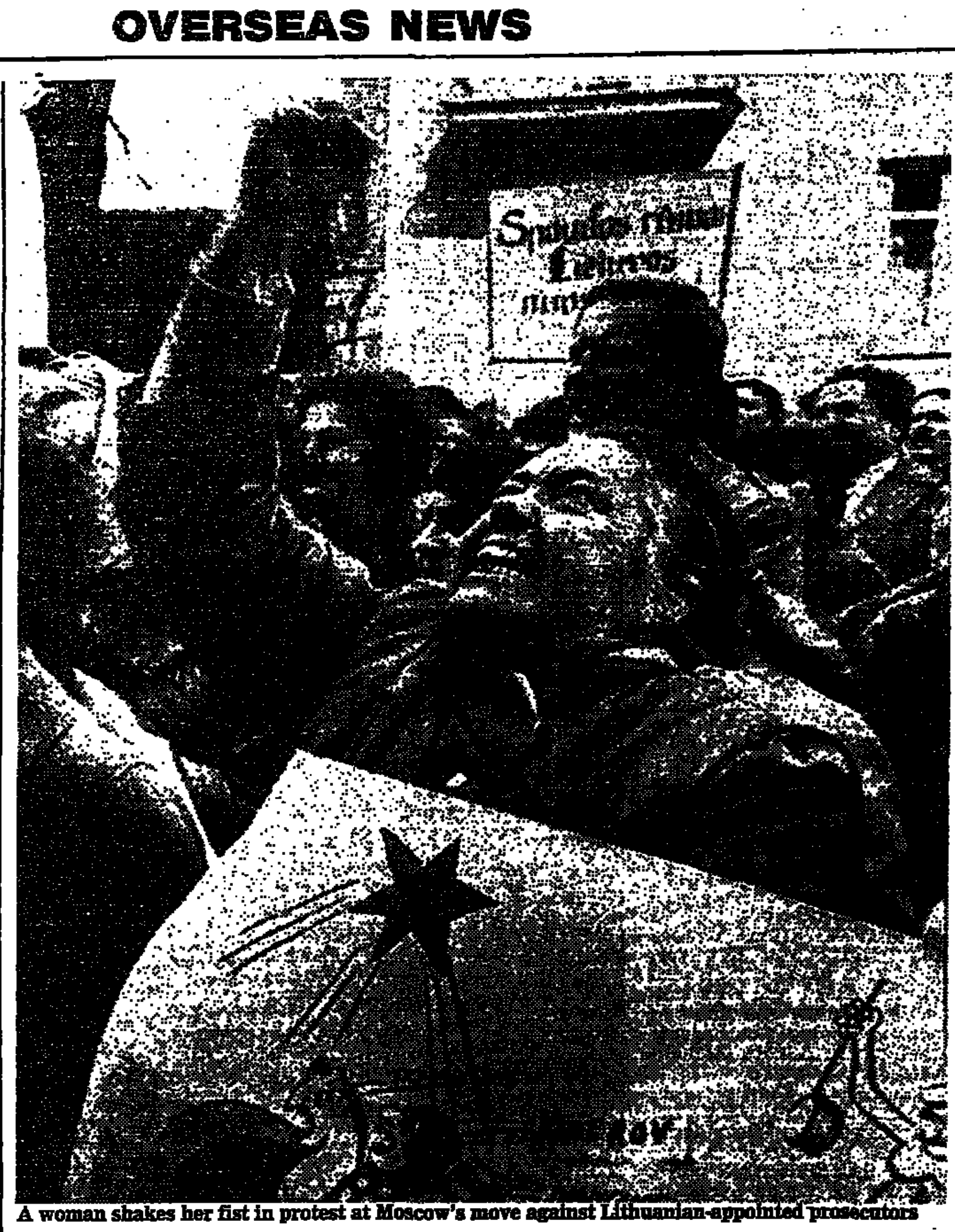
The Administration said the pause simply reflected the return of normal weather, after a heatwave which had led to unusually high building activity in the earlier months. Construction shed 64,000 jobs in *March, seasonally adjusted.*

The financial market had been expecting somewhat higher figures, and bond markets rose mildly on the announcement. The underlying trends, which Ms Janet Norwood, Labour Commissioner, described as unchanged, showed a continuing loss of manufacturing jobs.

The March figures fell by 30,000 from February to 19.42m, or 250,000 fewer than a year earlier, while services employment rose by 122,000, mainly in health care, to 84.73m. The increase would have been higher but for the national *Greyhound Bus strike.*

Both average hourly and weekly earnings of private production or non-supervisory workers rose by 0.4 per cent in March, seasonally adjusted, and working hours were little changed.

There is some sign in the figures that the growth of part-time jobs is responsible for a good proportion of reported employment growth in the last year.



A woman shakes her fist in protest at Moscow's move against Lithuanian-appointed prosecutors

# Latvian delegates threaten walk-out of Party congress

*By Mark Nicholson in Moscow*

SUPPORTERS of Latvian independence will walk out of the republic's Communist Party at its congress tomorrow unless the party follows its Baltic counterparts and splits from its Moscow parent.

At least a third of 799 delegates at the two-day congress, which opened yesterday, say they will quit and form their own social democratic party unless, as is unlikely, the entire Communist Party endorses independence.

The pro-independence faction has already set April 14 as the date of a founding conference for a new Latvian political party.

A walk-out would come as the republic's nationalist leaders prepare to hasten steps towards following Lithuania and Estonia in declaring independence.

A delegation of 12 Latvian leaders will arrive in Moscow next week to take up an earlier offer by Mr Mikhail Gorbachev, the Soviet leader, to discuss the republic's independence with representatives of the Latvian people.

No appointment with Mr Gorbachev has been formally arranged, but the mission hopes to meet the Soviet leader before Latvia's newly-elected parliament convenes on May 3, when one of its first acts is almost certain to be a carefully formulated declaration of independence.

Pro-independence groups already hold 119 seats in the 201-seat assembly and expect to win at least 10 more in 18 run-off elections on April 29. The extent of their victory was surprising given that ethnic Latvians comprise just 54 per cent of the 2.5m people in the republic, which has bigger Russian and Belorussian populations than its Baltic neighbours.

However, the ethnic split is reflected strongly in the republic's Communist Party and the likely decision of pro-independence Latvians to quit will leave a largely Russian and Belorussian rump loyal to Moscow.

Latvian popular front leaders say that the exact form of their eventual independence declaration will be decided upon only after watching how relations unfold between Mr Gorbachev and the other Baltic states, but they claim it will directly emulate neither.

Lithuania declared outright independence on March 11, while Estonia said on March 30 it would restore statehood only after a transition period. Mr Gorbachev indicated on Wednesday that he viewed both declarations in the same unfavourable light.

Lithuania's parliament on Thursday approved a cautious response to harsh warnings from the Soviet leader to annul its March 11 declaration and repeated the republic's eagerness to proceed with talks.

## DEMOCRATIC FORUM MAY COME OUT ON TOP

# Hungarians go to the polls

By **Nicholas Denton** in Budapest

HUNGARIANS vote tomorrow in the second and decisive round of parliamentary elections, amid signs that neither of the two strongest parties may be able to build a stable government without the other.

The conservative Hungarian Democratic Forum came out of the first round of voting on March 25 with a slim lead over *its liberal rival, the Alliance of* Free Democrats. The Smallholders Party, which appears to hold the balance of power, has joined the Forum and the Christian Democratic People's Party in a fragile national electoral alliance for tomorrow's second round, which could be the nucleus of a conservative coalition government.

Projections show such a government might only command a minimal majority in parliament. Only the defection of Fidesz, the Alliance of Young Democrats, from its partnership with the Free Democrats could fulfil the desire of Mr Jozsef Antall, the Forum leader, for a government led by his party to hold 60 per cent of the seats.

Free Democrat leaders, who have despaired of leading the next government alone, stress the difficulty for both main *parties of constructing a small* coalition with a comfortable majority. They pay lip service to the position that government should alternate between the two leading parties but have become much warmer to the prospect of a grand coalition including both.

Mr Janos Kis, acting president of the Free Democrats, said yesterday: "We cannot leave people without the belief that there will be a working government". Therefore, the parties had to state their readiness to stop arguing, and work together. One proposal is for the prime ministership to alternate between the two parties.

Mr Antall, being in a stronger electoral position, is hostile to a grand coalition. He says the Forum envisaged a coalition government "not of extremists but experts and moderates able to work *together*". After an acrimonious campaign, it was "unlikely most of the leaders could sit side by side".

Economic experts of the two parties have proved their ability to co-operate in the Bridge Group and the Blue Ribbon Commission, two neutral "think-tanks". The latter yesterday published its programme for a new government's first 100 days. It is a blueprint for the two strongest parties if forced to govern together.

# W German banks to back Moscow airport

By **Mark Nicholson**

THE DM750m(£272m) joint venture between Lufthansa, the West German airline, and Aeroflot, the Soviet carrier, to expand Moscow airport will be financed largely through loans from 12 West German banks led by Deutsche Bank.

Deutsche Bank is also a member of the Lufthansa-led German consortium which will turn Sheremetievo 1 airport from a purely domestic terminal into a full international airport. The consortium also includes Frankfurt Airport Company, NUR, a division of Salzgitter and AEG, the electronic and electrical engineering group.

The deal is a blow to British Airways, which with BAA (formerly British Airports Authority), had been in talks over revamping Moscow's airport with the Soviet government for at least three years.

The German consortium and Aeroflot will be equal partners in the joint venture, although the Soviet airline will make a minimal equity contribution of 10m roubles (£10m).

The development will include a hotel, which will be run by Penta, a Lufthansa subsidiary, and new hangar space for wide body jets. It is expected to be completed by 2004. Work will begin within two months.

Sheremetievo 2, Moscow's present international airport built for the 1980 Olympic games, handles 6.3m passengers a year, well beyond its designed capacity. The new airport will be able to handle 18m passengers a year when fully developed.

Lufthansa said yesterday that the new joint venture may also consider redeveloping and building airports elsewhere, particularly in Africa and the Middle East.

# Paris and Bonn back monetary union plan

By **George Graham** in Paris

FRENCH and West German ministers yesterday reaffirmed their determination to press ahead with European monetary union, and not to allow it to be slowed down by the process of monetary unification between East and West Germany.

Mr Pierre Bérégovoy, the French Finance Minister, and Mr Theo Waigel, his West German counterpart, disavowed the warnings of Mr Helmut Schlesinger, vice president of the West German Bundesbank, who said in Munich earlier this week that it would be impossible to create the two monetary unions at the same time.

Mr Bérégovoy said: "There is no contradiction between the prospects of Germany monetary union and European integration; on the contrary, it could be a factor of acceleration."

Mr Waigel echoed Mr Bérégovoy's views. "I am convinced that the European aspect of monetary union can be accelerated by the inter-German movements," he said after a meeting in Paris yesterday of the Franco-German economic and monetary commission.

But Mr Karl-Otto Pöhl, the Bundesbank chairman, came to the defence of his deputy. "You cannot take decisions for symbolic reasons, even in the framework of European monetary union," Mr Pöhl said. He added a warning that if East German marks were converted into D-Marks at a rate of 1 for 1, interest rates would have to rise.

Mr Waigel said that West Germany had kept its partners fully informed of its moves towards German unification, and would continue to do so. "A treaty will not be signed between the German Democratic Republic and the Federal Republic until we have talked about it at the Dublin summit," he said.

The two ministers said they had made considerable progress at their meeting along the road towards European monetary union. They were fully agreed that European central banks must be independent and have full control over the money supply and interest rates, while exchange rate policy must remain a political responsibility.

They agreed, too, that more progress needed to be made on the questions of budget policy and the correction of excessive trade imbalances.

Mr Waigel refused, however, to commit himself to a deadline for the inter-governmental conference, which is due to be convened in December to discuss the future stages of European monetary union, to complete its work.

The two ministers are to meet again in Paris today, along with their counterparts from the Group of Seven major industrial countries.

# Welcome for Swedish austerity

*By Robert Taylor in Stockholm*

SWEDEN'S business community reacted favourably yesterday to the new financial austerity package to deal with the country's deteriorating economy. The plan was agreed late on Thursday evening by the ruling Social Democrats in negotiations with the opposition Liberal party leader, Mr Bengt Westerberg.

Interest rates fell when the markets opened yesterday morning, an indication of rising confidence that the new economic understanding between the Social Democrats and the Liberals will provide the necessary breathing space Sweden needs to deal with high inflation, a rapidly widening balance of payments deficit and sluggish growth.

However, the reaction from the country's powerful trade unions could be hostile. The leaders of the LO blue-collar union confederation are due to meet on Monday to decide their next step.

There is a possibility of new labour unrest from workers demanding higher wages to compensate for the inevitable increase in their living costs that will stem from the new austerity programme.

The plan includes a rise in indirect taxation to 25 per cent, cuts in increases in some social benefits and the delayed introduction of promised reforms like a six week annual holiday entitlement.

# Romania 'needs' $2bn a year

By **Owen Bennett-Jones** in Bucharest

THE authorities in Romania yesterday estimated that the country may need to attract as much as $1.5bn-$2bn a year in foreign aid and investment in order to modernise the economy.

Mr Eugen Dijmarescu, the president of the governmental commission for the co-ordination of foreign economic aid, said the figure of $1.5bn-$2bn was a preliminary estimate.

It was reached by adding together the various requests that the commission had received from more than 1,000 Romanian enterprises which are seeking western business partners.

He said more requests were *still being received and the* final figure could be much higher.

**Opposition hopes of fielding a joint presidential candidate in the Romanian elections on May 20 were dashed yesterday by the selection of Mr Ion Ratiu as the presidential candidate of the National Peasant Party. Mr Ratiu said he would have a non-aggression pact with the National Liberal Party but in both campaigns they would run on separate lists.**

The commission, which serves as a clearing house for foreign companies which want to invest in Romania, said it would not take a view on the profitability or desirability of *any particular proposal. But it* would give priority to foreign investment which offered a rapid profit.

Mr Dijmarescu said the new Government was also keen to secure long-term foreign credits on preferential terms. Mr Petru Rares, the commission's vice president, said he was anxious tht Romania should not be left behind as east European countries compete for western resources.

The commission is responding to a request from the European Community it should establish a system for co-ordinating foreign aid requirements. Some humanitarian aid is still needed – particularly medical supplies – the commission is hoping donor countries will now turn their attention to *Romania's longer-term financial needs.*

# Senior Afghan officers killed

By **Our Foreign Staff**

**AFGHAN guerrillas killed at least 12 people yesterday, including two senior Afghan army officers, in an attack on a government rally near the north-western city of Herat, according to a BBC report from Kabul.**

**The attack occurred during a ceremony in which about 3,000 former guerrillas were due to pledge loyalty to the Government of President Najibullah.**

**Two Afghan army generals are thought to have been among the dead, while the governor of Herat province was among the wounded. The gunmen are said to have been killed.**

# Czechs 'need chemicals investment'

By **Peter Marsh**

THE chemicals industry in Czechoslovakia needs foreign investment totalling hundreds of millions of dollars over the next few years to improve operating standards, a top government official said yesterday.

Mr Jan Ducky, Minister of Industry in Slovakia, one of the country's two republics, said in London he had talked to several chemicals companies in western Europe on joint ventures and other deals.

These had included Imperial Chemical Industries of Britain, the Anglo-Dutch Royal Dutch/Shell, Akzo of the Netherlands, and Bayer, Hoechst and BASF of West Germany. All had shown interest in investing in chemicals in Czechoslovakia or transferring production technologies. Mr Ducky's ministry is responsible for Slovakia's chemicals industry, and several other production sectors.

Slovchemia, the main state-owned chemicals group in Slovakia, had recently been split into 22 separate units for specific types of chemicals production, Mr Ducky said. These units would operate independently and many would be privatised, but the timetable for this was not clear.

Investments from abroad, either from individuals or companies, would be needed to bring plants up to western standards.

# Democracy brings upheaval for Dresden's cultural jewel

## **Andrew Fisher** finds some apprehension about the responsibilities of new-found financial freedom at the Semper Opera

THE Semper Opera is one of Dresden's most beautiful buildings, restored after the wartime bombing at a cost of some 280m East German Marks.

Thoughts of the free market do not automatically spring to mind when contemplating its grand facade and opulent interior. But the rapid change from decades of Stalinist planning to an economy based on risk and *reward will affect the business* side of the Opera House just as it is forcing an upheaval in industry.

The opera is a valuable cultural and economic asset, especially in a city which already receives 7m tourists a year and which expects this number to nearly triple now that the western border is open. Dresden's beauty was shattered by British and American bombing in World War Two, but much has been restored. The Semper Opera House – built in the 1870s – reopened in 1985 after seven years of reconstruction.

Mr Wolfgang Schönfeldt, deputy head of the Dresden state opera and its business manager, is glad, though a lit*tle apprehensive, that the* move away from central planning will give the Opera House a new financial freedom. He is talking with West German companies which might become long-term patrons – he dislikes the word sponsorship in the operatic context – to help pay for top guest directors and new equipment.

He also wants the opera to benefit from the huge difference in ticket prices between the local box-office level of 18 East Marks and the DM78 (234 *East Marks at the present* exchange rate) charged by hotels to foreign guests. The high D-Mark price does at least provide West Germans with the best seats.

At this stage, Mr Schönfeldt does not want to put up the local price, since it is unclear what will happen to wages under a currency union with West Germany. The uncertainty over the terms of the planned union also extends to those of the Opera House. It costs 32m East Marks a year to run the Semper Opera. Ticket sales account for only 8m East Marks. The remainder comes from a state subsidy which amounts to 45 East Marks per seat.

*In a free market economy*, he reckons that annual expenses will triple. Eventually prices will have to go up and so will the subsidy. "No opera house can exist without subsidies," notes Mr Schönfeldt, who trained as a building engineer.

While he wants to raise the *level of self-financing by* finding new corporate patrons, he also wants to keep this within limits. "The status of the Semper Opera would not allow us to go round with a begging bowl. But we would like partners who could benefit from their links with us."

*Before* the opening of the border, this would never have been dreamt of. "It would have gone against the direction of our whole society."

Not that the Opera House was severely hamstrung before. It was part of the Dresden regional council, but now has separate legal status. This gives it more flexibility in running its affairs. "It also means more responsibility. As well as a book-keeper, I have to be a decision maker."

Like East German companies, the Semper Opera had to submit voluminous monthly statistics, even down to the number of hours its two small computers were used. Every quarter it had to submit a cultural, business, and technical report.

The monthly burden has gone, but Mr Schönfeldt will keep up the reports for employees' information. The Opera House also had to obtain approval for each production. "This was always given, but the need for it gave us a funny feeling."

The inadequacies of the economy forced the Semper Opera to carry a vast quantity of stocks of materials like timber, textiles, machinery parts, and even cement. This tied up 3m East Marks, 10 per cent of the total budget or 20 per cent after wage payments. It has its own bricklayers, painters, decorators and cleaners.

Once the building sector has revived and service industries develop, the Opera House will need fewer people. Mr Schönfeldt reckons about 50 of its 1,050 employees – the state actually laid down it should have 1,150 – could then be shed. The value of the Opera House's equipment is about 260m East Marks, but the state only provided 1.5m Marks a year for maintenance and repairs. Nor was it possible to shift funds within its subsidy. The state decided how much could be paid out for wages, artists' fees, energy, and maintenance, though Dresden was reasonably flexible and generous, Mr Schönfeldt said.

The Semper Opera has 140 musicians, 46 solo singers, 10 trainee singers, 100 choral singers and 70 dancers. Singers earn between 1,200 and 2,500 East Marks, with a handful at the top receiving 3,000 Marks. They will expect to be much better off in a free market economy.

As for visiting artists' fees, Mr Schönfeldt reckons the time is gone when stars would appear for a low payment because of the prestige of the restored Semper. Jessye Norman gave a lieder recital for far less than her usual fee. But the trend in the West is for fees to go up sharply. "I don't know how we are going to keep up with that," he says ruefully. "People are now doubling their fees."

The Semper Opera, one of Dresden's most beautiful buildings, is expecting a sharp rise in visitors

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# Up to 50 die as Nepalese try to storm palace

By K.K. Sharma in New Delhi

AS MANY as 50 people may have been killed and 200 wounded yesterday in the Himalayan kingdom of Nepal when troops fired on several thousand pro-democracy demonstrators who tried to storm the royal palace in Kathmandu.

Reports from the capital said the demonstrators were shouting slogans against King Birendra and demanding the immediate lifting of the ban on political parties when police opened fire with machine-guns on those trying to get into the palace. Others were killed when they attempted to set fire to government buildings and the houses of politicians loyal to King Birendra.

Hospital workers said at least 50 people had been killed while unconfirmed reports put the numbers of dead at over 100. Two foreigners, including a Briton are believed to be among those killed.

The demonstration, the biggest since the movement for reforms started in the middle of February and the first aimed directly against the king, was held after political leaders rejected what seemed to be a concession made in a royal proclamation in the morning.

The proclamation dismissed Mr Marich Man Singh Shreshtha as Prime Minister and appointed Mr Lokendra Bahadur Chand in his place. It said Mr Chand's new cabinet would hold talks with various banned political parties, and promised that a commission would be formed to find out what kind of political system the people wanted.

Speakers at a rally organised after the proclamation, declared angrily that the king was trying to buy time and did not want reforms. They wanted their demands for recognition of political parties and early free elections to be conceded immediately without conditions or talks.

The demonstration outside the palace shows that the agitation for reforms has finally openly made the king its target, and that its leaders will not accept any gestures aimed at ending their movement without conceding its aims.

This is in spite of the fact that the royal proclamation was the first move by the king to initiate a dialogue with the movement's leaders and a tacit recognition by him that the popular movement could endanger the monarchy itself.

Since the movement began about 100 people are reported to have been killed and thousands jailed.

The king's announcement that the new cabinet would hold talks on constitutional changes is his first political move since he let it be known last February that the "partyless form of democracy" and elections, endorsed in a controversial nationwide referendum in 1980, would not be changed.

# China seeks bigger say in running Hong Kong

By John Elliott in Hong Kong

CHINA yesterday stepped up its diplomatic offensive for a bigger say in running Hong Kong, when Zhou Nan, Peking's de facto ambassador in the colony, said the UK should "always consult China" on important issues.

This would promote understanding in the run-up to 1997 when Britain hands over sovereignty to China, he added. This is broadly in line with remarks made by Mr Zhou when a vice-foreign minister in Peking dealing with Hong Kong.

Peking has recently stepped up its claims to be given a special say. Yesterday, the comments were directed at a row over a UK plan to give passports to 50,000 heads of household, thought because of their jobs to be vital for the smooth running and stability of the colony in the next few years.

When the package was announced on Wednesday, a Hong Kong government official said China did not need to be consulted on the plan. But Peking has reduced the impact of the package by saying the foreign abode rights of Chinese nationals will not be recognised after 1997.

Zhou said: "We must prepare the way for people to rule Hong Kong. They must be people who love the motherland, support reunification and support the Basic Law. They must be Chinese nationals who are also Hong Kongers".

# Wheels of change roll through Mongolia

'Greens' join the new opposition groups, which now total 36, **Robert Thomson** writes

WHEN the sun set over the steppes of Mongolia yesterday, the count of new opposition groups had reached 36, including a green party and a party for nomadic herdsman.

The Communist Youth League was still debating whether to dissolve itself in the best interests of democracy.

The wheels of change have always been horse-drawn in Mongolia, but the rise of a democracy movement and a nod from Mr Mikhail Gorbachev in Moscow have prompted the world's second-oldest communist government to allow new political groups to form at an average of one a day.

The "Free Labour Party" demands that shops and factories be privately run and that the market be allowed to set prices, while the "Livestock Breeders and Crop-growers Party" is, as the name suggests, strong on the interests of farmers.

Whether these and other political groups are "parties" remains unresolved, despite a ruling two weeks ago by the Mongolian parliament abolishing the Communist Party's monopoly on power.

The party, formally known as the Mongolian People's Revolutionary Party, has allowed any political group with more than 451 members to become a party, though the opposition is not sure why the figure 451 was picked.

"There is a lot of political intrigue at the moment," according to Mrs Jurmediyn Zanna, policy co-ordinator of the Mongolian Democratic Party, the largest of the opposition groups with 1,000 members and the backing of a Democratic Alliance which claims 40,000 supporters.

Angry demonstrators in Ulan Bator call for reform of the communist system

"Today, we seem to be a party, but tomorrow we may not be," Mrs Zanna said. The party has been renting space in the offices of the Communist Youth League, many of whose members are openly sympathetic to its aims and who were last night contemplating their future at an "extraordinary congress".

The Youth Leaguers have decided in principle to refuse funds from the communists and go it alone, but some members had plans to go further and add to the fast-growing number of parties by forming splinter groups of their own.

But the Commmunist youth and opposition groups realise their future hangs on an extraordinary congress of the Communist Party next week, at which a decision on broad political and economic reforms will be taken and a date for elections could be set.

There has been a rush among the newer parties to sign up nomadic herdsmen as members.

About 500,000 people live in Ulan Bator, the capital of the Mongolian People's Republic, while another 1.5m live in smaller towns, remote villages, and in traditional herding communities.

Mrs Zanna said that herdsmen have not shown as much interest in politics as the inhabitants of Ulan Bator, and have tended to believe government propaganda suggesting that all positive reforms are the result of the Communist Party's foresight.

The opposition groups have been officially described as disruptive, apparently in an attempt to portray the opposition as a threat to traditional lifestyles.

But a 25-year-old delegate to the Youth League Congress said she and many of her comrades support virtually all the Democratic Alliance's reform policies and believe the Communist Party has been too slow to change.

She oversees the filling of quotas at a leather goods factory, which she wants to go private.

She joined the Communist Youth League six years ago. "I had no choice, we all had to join," she says, but she would like the league to push for change within the ruling party: "I will not give up my membership now. It would be prostitution if I joined another party."

The newer parties would like to set their own standards for politicians Mongolian-style. They have suggested that any Mongolian married to a Russian should be barred from high office, that the close ties with Moscow over the past 70 years be replaced by a more international foreign policy, and that the spirit of Genghis Khan be used to build a strong Mongolia.

# Passover delays vote on Peres 'peace' government

By Hugh Carnegy in Jerusalem

MR SHIMON Peres, the Israeli Labour party leader, faces an anxious start to the annual Jewish Passover holiday as he waits until next Wednesday to present to parliament a "peace government" which his Likud opponents are fighting tooth-and-nail to kill before it is born.

Mr Peres wanted the 120-seat Knesset to meet tomorrow to vote him into office in place of Mr Yitzhak Shamir, the Likud leader, the day before the Passover week begins.

Instead, the Knesset speaker, a Likud member, set the sitting for Wednesday, allowing more time for Mr Shamir's frantic rearguard action.

Yesterday, Likud did not seem to have made much progress in luring back to its ranks Mr Avraham Sharir, a disaffected former Likud minister wooed assiduously by Labour. His vote – or abstention – would be enough to assure Mr Peres of victory.

Mr Sharir belongs to a faction of five Liberals formerly allied to Likud and led by Mr Yitzhak Modai. They are now split over what to do. They, and Labour supporters such as the Agudat Israel ultra-orthodox religious party, will come under intense pressure from Likud in the next few days to abandon Mr Peres.

The unprecedented depths to which the haggling has descended – including demands for multi-million dollar bank guarantees to cement promises of favours – has been defended by Mr Peres as a legitimate price to pay for removing Likud from office for the first time in 13 years and advancing towards US-proposed peace talks with the Palestinians.

But the spectacle has fuelled a growing campaign for reform of the extreme proportional representation electoral system that has habitually produced such government horsetrading. Leading the call is President Chaim Herzog, whose frustration has overcome his customary reticence on public issues.

# Taiwan's old guard to go

POLITICAL reforms in Taiwan are likely to be speeded up by an agreement reached this week that elderly members of the legislature, many in their 80s and 90s, will retire by the end of next year, John Elliott reports from Hong Kong. The departure of these elders was one of the main demands made by students in Taipei last month.

On Thursday, representatives of 145 elders in the 274-seat Legislative Yuan (parliament) agreed they would begin to retire next month, starting with about 25 too ill or infirm to attend sessions. Those aged over 90 are to go by the end of this year, followed by the rest next year.

This pledge would dramatically change the atmosphere in the Legislative Yuan and increase the influence of the opposition Democratic Progressive Party.

Mr James Chu, ruling party spokesman, said last night that he expected the retirements to be extended to the National Assembly where there are about 690 elders, 40 per cent of them over 80.

# Fresh hitch in attempt to end Meech Lake crisis

By Bernard Simon in Toronto

NEWFOUNDLAND and Quebec, two key participants, have complicated the search for a compromise in Canada's constitutional impasse.

The former has rescinded its earlier approval of the Meech Lake accord, and Quebec has ruled out any changes to the divisive agreement.

The Liberal-dominated Newfoundland legislature passed a resolution yesterday annulling the approval given by a previous Conservative government to Meech Lake after the accord was signed by Ottawa and all 10 provincial premiers in April 1987.

The accord seeks to bring Quebec into the 1982 Canadian constitution by recognising the francophone province as a unique part of Canada, giving it the power to preserve and promote that distinctiveness, and giving all the provinces wider jurisdiction in other areas.

Newfoundland's action means that the number of provinces ratifying the accord drops from eight to seven. It must be ratified by all 10 before June 23 if it is to take effect.

In Quebec, the provincial legislature endorsed a motion rejecting any changes to Meech Lake, a move directly conflicting with the demands of the accord's two most implacable opponents, Manitoba and Newfoundland.

The two insist the pact is flawed, casting a shadow on a compromise proposal that would leave Meech Lake intact but address some of its critics' concerns in a separate "companion resolution."

Mr Clyde Wells, Newfoundland's premier, said yesterday's vote "will probably cause difficulty in the political future in the country. I can only hope the difficulty is not serious".

The Meech Lake debate has helped fuel separatist sentiment in Quebec.

The collapse of the accord is expected to put new strains on relations between the francophone province and the rest of Canada.

# Toronto Games hopes boosted

THE CANADIAN and Ontario governments have thrown financial and moral support behind Toronto's bid to host the 1996 summer Olympics, Bernard Simon reports.

Ontario has pledged up to C$125m (£59m) from lottery revenues to fund capital projects for the Olympics, and will provide extra financing for facilities which can be turned into housing. Ontario will indemnify the city against any shortfall in revenues from the Games.

The federal government's commitment consists so far of moral support and plans to raise money through sales of commemorative stamps and coins. The Toronto Ontario Olympic Council, which is organising Toronto's bid, is also banking on financial guarantees from Ottawa.

Toronto sees itself as a frontrunner for the Games, in competition with Athens, Atlanta, Belgrade, Manchester and Melbourne. A decision is due in September. Separately, Ontario has announced a C$5bn public transport package for the Toronto region. The project could take 20 years.

## NEWS IN BRIEF

### Israel has 'no proof' of Iraqi chemical strength

ISRAEL has no proof that Iraq has developed the ability to deploy chemical weapons on long-range missiles, General Dan Shomron, the Israeli Chief of Staff, said in an interview published yesterday, writes Hugh Carnegy in Jerusalem.

Earlier this week, President Saddam Hussein said Iraq possessed binary chemical weapons and threatened to destroy half of Israel if Israel launched an attack on Iraq similar to the 1981 air strike against a nuclear reactor at Osirak.

### National Party chief quits

Mr Charles Blunt has resigned as leader of Australia's National Party, completing Labor's rout of the conservative opposition in the March 24 election, Reuter reports from Canberra. Mr Blunt stepped down after accepting that he had lost his parliamentary seat.

### Fresh date set for ANC talks

Exploratory talks between the South African Government and the African National Congress (ANC), first scheduled for April 11, will now be held on April 25, a senior US official said yesterday, Reuter reports from Lusaka.

### Iran resumes Soviet gas exports

Iranian exports of natural gas to the Soviet Union will resume on Monday, the Iranian news agency IRNA said, Reuter reports from Nicosia. Some 8m cubic metres of gas a day is to be piped from the Kangan refinery to Astara on the Caspian Sea.

# US and Japan hail new trade pact

By Nancy Dunne in Washington and Stefan Wagstyl in Tokyo

THE US and Japan yesterday hailed an agreement reached in bilateral talks this week on the Structural Impediments Initiative (SII), a wide-ranging move to ease economic tensions.

Both hope the accord will smooth ties after bitter exchanges in which the US sought market-opening reforms from Japan, hoping such moves would cut Japan's $49bn trade surplus.

Japan's Premier Toshiki Kaifu said the accord would "serve to prevent the rise of protectionism and thus contribute to steady development of the world economy". Mrs Carla Hills, US Trade Representative, praised Mr Kaifu for producing a "clear blueprint for reform".

In the near-term, she expects:

- efforts by Japan this year to amend the anti-monopoly law; extra penalties for anti-competitive behaviour and a stronger Fair Trade Commission;
- restructuring of Japan's Patent Office to cut the average 37 months needed for patent-granting; implementation of the import tax credit; abolition of industries' restrictive "fair competition codes";
- liberalisation of the Large Retail Store Act, cutting time needed to grant permission for new stores, to 18 months this year and a year in 1991; spending increases for eight public works programmes this year.

Mrs Hills said the US would keep monitoring the plans after July. The two governments released interim reports yesterday listing their pledges to specific reforms. The White House has won a double benefit from its report: reform pledges by Japan and endorsement of programmes President Bush has proposed.

It will not be hard politically to try to get Congress to pass his Family Savings Plan, his proposal eventually to apply social security surpluses to cutting the US debt, or his controversial capital gains tax cut.

While resisting a Japanese call to limit the number of credit cards Americans can carry, the US got Tokyo to agree to a study on giving revolving credit to Japanese consumers. Tokyo promised to encourage longer operating hours on US bank-teller machines and curtail civil service work hours.

Japan expects the US to meet its budget-cutting targets every year. It asked the US to avoid taking tax measures aimed unfairly at foreign companies, and praised efforts to ease anti-trust rules, to promote joint ventures.

# Japanese joy could be shortlived

By Stefan Wagstyl in Tokyo

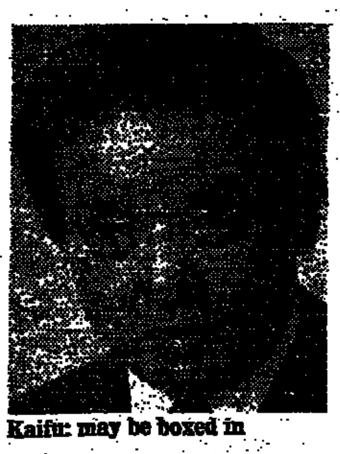
JAPANESE trade negotiators are delighted with the agreement they have reached with the US in talks this week over the Structural Impediments Initiative (SII). But their joy may be shortlived.

Japan has agreed to important US demands for reform, including easing rules on the opening of large stores; revising land taxes to encourage better land use; increasing public works spending, and strengthening laws on anti-competitive practices.

Japan successfully fended off American requests for more drastic change, knowing full well the power of groups inside Japan opposed to reform.

Even so, some key questions are still to be settled before the interim reports published this week are revised into final reports in July. The biggest arguments will concern the size of the increase Japan intends to make in public works spending.

The US is asking for a sharp jump from the current 6.7 per cent of GNP to 10 per cent. Japan will press for less. Also, the delicate matter of monitoring the accord is still to be discussed. The US, believing Japan has in the past slid away from some of its promises, will demand strict procedures.



Kaifu: may be boxed in

US officials yesterday said they reserved the right to make new demands in three years if markets remain closed despite the SII measures.

Meanwhile, the two countries are separately locked in talks over US demands for improved access which stem from its denunciation of Japan as an unfair trading partner under the 1988 Omnibus Trade Act. Agreement has been reached in two areas on a US blacklist – satellites and supercomputers – but not in the third, wood products. These negotiations are unrelated to SII, but Japan needs a deal here as well, to satisfy the US Congress, which is putting pressure on Mr Bush to be tough with Japan.

Mr Kaifu's Government may be in no position to make new concessions. Public opinion polls suggest the reforms enjoy broad support, but small shopkeepers bitterly oppose plans to ease rules on large store openings.

Small-scale farmers and landowers will attack plans to increase property taxes. Both groups are influential core supporters of the ruling Liberal Democratic Party, with the capacity to make trouble in the Diet. In a taste of what may be to come, Mr Katsuichi Yamamoto, president of a small shopkeepers federation, said retail reform was "out of the question".

The main points of the SII report are:

- Retail reform: Japan will from next month cut the maximum time taken to approve the opening of a new store from 10 years or more to 18 months. Later this year it will present Parliament with a bill proposing a cut to a maximum 12 months. In three years, it will exempt large cities altogether from the Large-Scale Retail Store Law. Other measures will allow stores to increase floor space rapidly if it is used for selling imports.
- Public works; Japan will in July set a target figure for increased public works spending for the next 10 years.
- Anti-monopoly law: powers of the Fair Trade Commission will be strengthened with a 20 per cent increase in staff to 154 and tougher penalties for violators. Special attention will be given to practices inside large industrial groups, a target of particular US criticism.
- Land: Japan has set dates over the next two years for tax reforms designed to encourage land development. Notably it will cut concessions given to owners of urban farmland.

# Poll tax protesters aim to retake moral high ground

By Jimmy Burns and Paul Cutts

LEADERS of the All-Britain Anti-Poll Tax Federation are confident as they meet today to plan their next move that there will be no repetition of the type of demonstration they organised last Saturday which ended in unprecedented violence on London's streets.

But as the post-mortem into last weekend's events continues, the campaigners are organising further protests. On the agenda are a rock concert in London's Wembley stadium and a renewal of their pledge of support from a network of street-based defence groups to individuals who refuse to pay the poll tax.

A police inquiry into last Saturday's riots is still continuing and those charged with violence have yet to stand trial. But the evidence, so far, suggests that the violence of the demonstrators, far from being an organised attempt to attack the police and loot London's shops was the product of a more complex equation – a combination of differing motives and strategies, political opportunism and genuine exasperation at 11 years of Thatcherism.

Mr Tommy Sheridan, the federation's chairman, said this week he was confident any violent elements would be contained and that the campaign of non-payment would follow the example of Scotland where it has been generally peaceful.

Mr Sheridan has come a long way since he launched the federation last November at a conference in Manchester attended by a few hundred sympathisers.

The organisation now claims to unite 1,500 anti-poll tax unions or community-based groups across the country and 20 city-wide or regional federations. Affiliates include local Labour Party groups and trade unions. On Merseyside, the federation's local organisation has a membership of about 57,000.

Mr Sheridan, a 25-year-old unemployed university graduate who helped organise pickets during the miners strike five years ago, was expelled from the Labour Party last year because he belonged to Militant Tendency.

Other leaders of the federation including Mr Steve Nally, its secretary, are Militant supporters. Militant Tendency is a revolutionary group that draws its strength from the commitment of its supporters and the large subscriptions that they pay. It has provided the federation with full-time organisers, stewards and funds. The federation, however, falls short of being a simple Militant front in spite of allegations to the contrary from the Labour leadership. Anti-poll tax groups have been formed in areas where Militant has little or no influence and count on support of both moderate Labour voters and disaffected Tories.

Even if Militant controls the federation, there is little evidence that it was behind Saturday's violence. Militant organisers within the federation liaised with the police before the demonstration in an attempt to ensure it was peaceful.

Mr Ken Smith, Militant's press officer, said this week that his organisation believed in "peaceful, civil disobedience." Violence was not "a legitimate tactic."

A similar denial was issued this week by the Socialist Workers Party, Britain's other major Trotskyist group, which has also been trying to harness popular disaffection with the poll tax to its own cause.

SWP posters have been prominent in many anti-poll tax rallies, but this reflects more its high-profile campaigning than any real clout within the campaign.

Mr Pat Stack, a member of the SWP's central committee, said his members did not go on Saturday's demonstration seeking violence – yet the SWP's attitude towards violence remains rather more ambiguous than Militant's. In the past, the SWP has not objected to violence against the police or "other symbols of the state."

But there is no reason to believe that the SWP was at the centre of any organisation of last Saturday's demonstration. The police say Militant and SWP posters were conspicuous by their absence at the heart of the riot – the only identifiable symbols were the black flags normally associated with anarchists.

Of the many anarchist groups in Britain, Class War – a group which publishes a newspaper of the same name – has earned itself the most publicity. This week, a Hackney Council clerk, who was described as a leader of Class War, was widely quoted as an identifiable anarchist justifying Saturday's violence.

There appears little concrete evidence that this person is the leader of Class War, which seems to be cast in the classic anarchists' mould, eschewing leadership in favour of a spontaneous "family" of militants. The fact that much of the media has identified Class War as *the* anarchist movement behind Saturday's riots owes less to any concrete evidence of its strength than to its relatively high-profile in a campaign it has exploited for its own ends. Class War, the newspaper, describes itself as "Britain's most unruly newspaper." It is distributed in a few of bookshops and record shops around Britain. Its philosophy is summarised in the special issue for last week's demonstration, which informed readers: "A community charge means running full pelt down a street with a brick in your hand and a "pig" in your sights."

Last Saturday, federation stewards identified members of Class War early in the demonstration and stopped them leading the march. Some federation leaders believe that Class War elements infiltrated part of the march which staged a sit-in outside Downing street.

It is easy to exaggerate the extent to which the violence was organised. Class War claims a circulation for its newspaper of 20,000, but the federation estimates the number of supporters as no more than 300. Police estimated that up to 3,000 demonstrators may have been involved in Saturday's violence. Some were Class War sympathisers, others, caught up in alcohol-induced euphoria, may have been urged on by *agents provocateurs*.

Typical were Holly and Charlotte, who belong to a 12-person squat in an abandoned Government building in Peckham, south London. None of the 12 belong to Class War.

Holly, a 20-year-old with a punk-style haircut said the riots were spontaneous. "When the looting and smashing up was started, it was clear it was led against multi-nationals like McDonald's and banks. It was symbolic."

Angry young people: members of a squat in Peckham, London

# Young rioters shock seasoned militants

THE SCOPE and scale of last Saturday's riots confirms that demonstrating is not what it once was, according to Tariq Ali, Britain's most famous demonstrator in the 1960s, writes Jimmy Burns.

Speaking from his office at an independent TV production company where he now works, a somewhat more worldly-wise Mr Ali sounded just as perplexed, if not as shocked, by the violence as any Member of Parliament.

In his view, the evidence suggested that Saturday's violence was caused by a "group of nutters who go berserk."

This was not at all like the 1960s. What seemed violent and brutal in those days, argues Mr Ali, pales into insignificance compared with the collective barbarism of last Saturday's demo.

"The hostility goes deeper . . . the police have got tougher," he complained.

In the late 1960s, Mr Ali belonged to a Trotskyist organisation called the International Marxist Group and was the main organiser of the anti-Vietnam war campaign that reached a climax – which seemed violent by the standards of the time – when police clashed with demonstrators outside the US Embassy in London's Grosvenor Square.

He recalled that his campaign was essentially middle-class, student-based and underpinned by a broad upsurge of "idealism and internationalism in the tradition of the Spanish Civil War."

It was also carefully stewarded by dockers from the East End, according to Mr Ali, ensuring that Maoists – in the 1960s equivalent to today's Class War faction – were isolated in violence. Most of his demonstrators let off steam in Hyde Park rather than go round London looting shops.

As for the police, they used horses, but they didn't "even have shields."

Tariq Ali: "group of nutters who go berserk"

By comparison, the Anti-Poll Tax campaign stems from a "much broader organisation" which is both more popular and more socially mixed, lunatics notwithstanding.

Mr David Treisman, another 1960s student leader, this week conveyed the shock he felt last Sunday on seeing the destruction in the streets when he went for a drive round London's West End.

Mr Treisman, one-time leader of the Radical Student Alliance and now chief negotiator with the National Association of Teachers in Further and Higher Education, commented: "All the debris pointed to a much more violent clash than anything we had experienced in the 1960s. It did not look like anything I had ever seen in London . . ."

He believes that the All-Britain Anti-Poll Tax Federation risks having its campaign taken over by extremists because of its broad nature.

The problem last Saturday lay with a minority of violent individuals who could not conceive "what political realities are or how change can be produced."

# Greens vote to back protest campaign

By Ralph Atkins in Wolverhampton

THE GREEN party yesterday pledged to back anybody who did not pay the community charge, or poll tax, "through necessity or as a principled stand against the tax," in spite of disquiet from senior members about urging a campaign of civil disobedience.

Greens voted overwhelmingly for a motion which also said the flat rate system "could lead to the poor . . . subsidising the better-off."

But many of the party's elected officials stressed that non-payment should be a decision of conscience for individual members. Ms Caroline Lucas, co-chairwoman, said: "Non-payment is only one of many options in protesting against this unjust tax." She suggested paying in pennies or writing a cheque on recycled toilet paper. Other Greens have found their own methods of protest. In the debate there were cheers for speakers who said they would pay only the old rate bill plus inflation.

Ms Liz Crosbie, who is standing for Harringey Council, warned of the consequences for local services if money was withheld and urged members to vote "responsibly."

But Mr Hugo Charlton, the party's legal expert told members: "Non-payment is not an unlawful act, it is merely incuring a debt, and the Prime Minister should stop misleading the country about it."

● The poll tax is unfair and a threat to civil liberties – and makes street protests inevitable, senior Methodists said yesterday. A leaflet produced by the Methodist Church called for the repeal of the tax and said whether people paid it or not was a matter of "law and private conscience."

# Regents Park's taxing anomaly

By Paul Cutts

Alan Diamond: objecting to the "principle of paying twice for one thing"

RESIDENTS on the leafy, select boundary of London's Regents Park, who benefited from England's second lowest poll tax of £195 face an anomaly: they make big savings compared with the old rates system, but have to pay twice for the same services.

Previously, between 2,000 and 3,000 residents were charged for work carried out by the Crown Estates Paving Commission on pavements, street lighting and refuse collection.

Westminster City Council, which shared responsibilities for the area's services, provided a rates rebate.

The poll tax legislation, however, obliges the council to scrap the rebate, but the CEPC continues to levy its own charges, still calculated under the defunct rates system.

Mr Alan Diamond, a business executive whose York West Terrace apartment overlooks the park, objects to his combined £523.32 bill for the poll tax and CEPC services.

"Most people are so delighted with their poll tax bill they are unaware of this," he said. He refused to say how much less he was paying in poll tax than rates, but acknowledged that it was "significant."

It was not that the tax was unfair, Mr Diamond said, but that he objected to "the principle of paying twice for one thing."

He is pressing for a change in the law.

Mr Charles Gunnery, Clerk and treasurer of the CEPC, said the blame lay with Westminster and the legislation. "The residents have a grievance against the council in that it cannot make any rebate to them."

But Mrs Jean Barraclough, a council official, said the council had identified the difficulty two years ago and had contacted the Department of the Environment and CEPC, although neither had acted. "We are powerless to do anything about it," she said.

The Department of the Environment said: "The full cost which is levied by the CEPC to the local authority is not passed on to the individual. Though people have lost out, we would argue that they are not technically paying twice."





# BMW gets go-ahead for Swindon complex

By John Griffiths

BMW (GB) has won a two-year battle to build a £30m-plus headquarters and warehouse complex at a 92-acre site on the outskirts of Swindon, Wiltshire.

The Department of the Environment confirmed yesterday that BMW's appeal against the local authority's refusal of outline planning permission had been upheld.

The project still requires detailed planning permission and an official for the company said it would be about three years before the complex would be ready for occupation.

The complex is expected to employ about 400 people, although a substantial number of BMW's existing staff are likely to relocate from the company's current headquarters, which is 50 miles to the east at Bracknell, in Berkshire.

BMW (GB) is a wholly-owned subsidiary of the West German executive car maker. Mr Paul Layzell, its managing director, said the growth of BMW sales in Britain had forced the move.

The company's sales have risen steadily, from 13,500 units in 1980, to 48,905 units by 1989. They are likely to exceed 50,000 units for the first time this year.

The number of BMWs on UK roads is approaching 300,000. This population is generating market demand for parts, and other after-sale services, which is creating a need for much larger warehousing than is available at present. The headquarters at Bracknell are on a 12-acre site.

Swindon was selected by BMW because of its motorway links and in view of the presence of a skilled workforce.

The site is at Spittleborough Field, near junction 16 of the M4.

Outline planning permission had been refused by North Wiltshire District Council, on the grounds that it would obliterate the last open space between Swindon and the nearby small town of Wootton.

The planning decision comes only 10 months after Honda announced that it would be developing its 360-acre engine and vehicle-preparation site at Swindon. It will be introducing full-scale car production at the site.

THE GUINNESS TRIAL

# Ronson 'clearly upset' by DTI inquiries

MR GERALD RONSON, head of Heron, one of the largest private groups of companies in Europe, valued at about £600m, was "sometimes over-trusting" of people he respected, the Guinness trial heard yesterday.

Mr Alan Goldman, deputy chief executive of Heron, said Mr Ronson was a good delegator who, if he trusted employees, let them get on with it.

When, in December 1986, Department of Trade and Industry inspectors started investigating Guinness's takeover of Distillers, Mr Ronson had been "clearly upset" and had explained Heron's involvement to the inspectors, Mr Goldman said.

"Did he criticise you personally in any way, suggesting you should have advised him or warned him?" asked Mr Colin Nicholls, QC, for City stockbroker Mr Anthony Parnes.

"I think he may have made that suggestion," Mr Goldman replied. "I'm not sure how seriously he meant it. He was upset."

He added that Mr Ronson had also been upset with Mr Parnes, who had arranged Heron purchases of Guinness shares during the takeover.

Mr Goldman was a prosecution witness in the trial of Mr Ronson, Mr Parnes, Mr Ernest Saunders, former chairman and chief executive of Guinness, and Sir Jack Lyons, the millionaire financier.

They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the Distillers takeover.

Charges against Mr Ronson concern a £5m fee paid by Guinness to Heron on allegedly false invoices from Heron Managements, for "services rendered," and Pima Service Corporation, for "professional advice."

Mr Goldman said that he had reported to Mr Ronson in September 1986 that Pima Savings & Loan Association, a US Heron company, had financial problems.

Mr Ronson had said a fee to come from Guinness could be brought into Pima's profits for the year.

Court Report
by **Raymond Hughes**

How could something that had not actually been earned by Pima be brought into its profits, asked Mr John Chadwick, QC, prosecuting.

Mr Goldman said at that stage all he had known had been that a fee was to come from Guinness. "Mr Ronson, if you like, had earned the money for the group and I never know which hat he is wearing at any particular time when he is doing something."

Mr Chadwick asked about the source of the fee. Mr Goldman said he had known Heron had been acquiring Guinness shares "and I assumed there was a success fee, or he (Mr Ronson) may have told me there was a success fee."

Mr Ronson had told him to contact Mr Parnes, and he and Mr Parnes and Mr Olivier Roux, then Guinness's director of finance, had had a breakfast meeting at the Churchill Hotel.

Mr Parnes had said Mr Roux was quite happy for the fee to be invoiced by Pima. Mr Goldman said Pima Savings' chief financial officer had subsequently thought it more appropriate for the invoice to come from Pima Service Corporation.

Mr Goldman said Mr Roux had suggested the invoice should be worded as being for professional advice and had later explained to Mr Goldman that it should be for $4.8m – the dollar equivalent of £5m, less £2.5m which had been paid, plus Heron's loss on Guinness shares.

Mr Goldman said that had been the first time he had heard that formula. He had checked it with Mr Ronson, who had confirmed it.

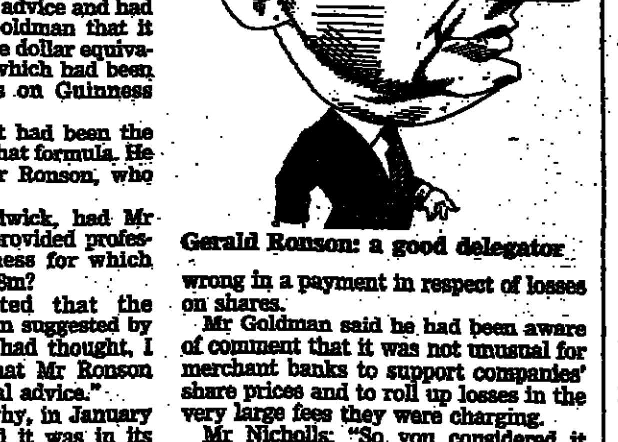
Who, asked Mr Chadwick, had Mr Goldman thought had provided professional advice to Guinness for which they were to be paid $4.8m?

Mr Goldman repeated that the invoice wording had been suggested by Mr Roux, adding, "If I had thought, I would have assumed that Mr Ronson had provided professional advice."

Mr Chadwick asked why, in January 1987, Heron had decided it was in its best commercial interests to repay the £5m to Guinness.

Mr Goldman said that Heron had been advised by its lawyers of the possibility of Guinness suing for the money. "We decided it would not be in the company's interests to be involved in protracted litigation," he said.

Mr Nicholls asked if it had occurred to Mr Goldman there was anything wrong in a payment in respect of losses on shares.



Gerald Ronson: a good delegator

Mr Goldman said he had been aware of comment that it was not unusual for merchant banks to support companies' share prices and to roll up losses in the very large fees they were charging.

Mr Nicholls: "So you considered it was perfectly proper to make a payment of that kind?"

Mr Goldman: "I certainly considered this transaction to be in the same vein as ones I was aware were happening elsewhere."

Questioned by Mr Chadwick, Mr Goldman said that awareness had come from what he had read, not from his personal experience.

The trial continues on Monday.

NEWS IN BRIEF

## Statistical office wins more funds

GOVERNMENT statisticians are to be given more money in an attempt to improve the accuracy of UK economic figures, the Central Statistical Office confirmed yesterday, writes Rachel Johnson.

The office monitors a wide range of UK economic activity and releases social statistics on topics as various as health and housebuilding.

Chancellor John Major said earlier this week he was concerned about a fall in the quality of statistics impairing the government's ability to forecast and monitor the economy.

The CSO's budget was cut after a government report in 1981 said information need only be collated to meet the government's own needs.

## Manx bank case

THE hearings on the Isle of Man yesterday relating to the failed Savings and Investment Bank were mostly taken up with legal arguments from the prosecution, countering defence arguments that the trial should be stopped for reasons of delay.

The hearing continues on Monday.

## Cashpoint link-up

MIDLAND BANK and Hongkong and Shanghai Bank are to link their cash machine networks internationally so their customers can draw money from 3,000 machines in more than 13 countries.

## TSB manager jailed

A MANAGER of a branch of the Trustee Savings Bank in Cambridge was jailed for two years yesterday for arranging fake loans to pay himself £260,000. Norwich Crown Court heard that Mr David Rudge, 38, of Sawston near Cambridge arranged 70 fake loan accounts using false names.

UK NEWS

# Boots to shed managerial jobs

By Maggie Urry

BOOTS the Chemist, the retail chain which is part of the Boots retail group and pharmaceutical manufacturer, is shedding 500 jobs in its 219 large stores. It hopes to re-deploy people elsewhere in the business, and redundancies may be limited to half the job losses.

The move will save the company £3m a year after the first year, when savings and costs of the cuts will roughly balance out.

The job cuts were not seen as a response to difficult trading conditions for retailers since Boots shops, where the average transaction value is low, have continued to trade well in spite of high interest rates and dampened consumer demand for large-ticket items.

Boots said the move would make the management structure in stores more efficient and effective without reducing the staff available to serve customers.

The cuts are among managerial and supervisory store staff because of the amalgamation of two departments – home and leisure – within the large stores.

Boots said that the distinction between merchandise falling into the two departments had become artificial. For example product areas such as books and stationery could have been included under either category. Also some lines had been taken out.

Where a store had had a departmental manager and supervisor for each of the two departments, there would now only be one for the combined department. The average large store would lose two or three jobs as a result.

The small stores, which make up the rest of the 1,051 shop chain, would not be affected since they do not have the same departments, Boots said. Boots the Chemist employs around 50,000 staff in total, and the group as a whole has about 90,000 employees.

Staff were told yesterday morning. The news was taken relatively well in the City, following the stockmarket's disappointment about resignations by directors announced on Thursday.

The Boots the Chemist chain is regarded as having pulled its socks up in recent years, improving efficiency and regaining market share earlier lost to drug stores and supermarkets.

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# Spending millions to raise billions

## Andrew Hill details the costs of floating the 10 water companies

THE Government spent £127.9m on last year's privatisation of the 10 water companies of England and Wales, according to figures released this week. British Telecom and British Gas were the only flotations that cost the Government more.

The water companies themselves spent £62m on the flotation, so the share issue cost Government and industry together £190m. In those terms, it was easily the most expensive privatisation to date.

On the credit side, the sale did raise raise £5.11bn – more than any privatisation except British Petroleum and British Gas.

In addition to the direct costs, the Labour Party wants to know how the Government accounts for £6.5bn it spent restructuring the debt of the water authorities and sprucing them up for potential investors. In a submission to the National Audit Office, Labour claims taxpayers lost out to the tune of £3.3bn as a result. Unsurprisingly, the Government does not count the restructuring as a cost in this week's figures.

The Government also excludes the possible cost of incentives for customers and small shareholders, because nobody yet knows how many shareholders will take up their bonus or discount shares. After three years, when the last instalment of the water shares has been paid, the incentive scheme may turn out to have cost the Government anything up to £70m or £80m on top of the basic £128m bill for fees and marketing.

The fees were heavy because water privatisation was as complicated as it was controversial. Each of the water companies employed its own advisers – merchant bank, stockbroker, accountant and more – and so had to stump up more towards its own flotation than any nationalised industry before it.

That was quite apart from the bill for the industry's controversial "awareness" advertising campaign last summer – that cost £22m which the companies said was unrelated to the forthcoming flotation – and £13m spent transferring certain duties to the National Rivers Authority before privatisation.

J Henry Schroder Wagg, the Government's merchant bank adviser on the issue, had about a third of its corporate finance staff working on the flotation. Its experience was not unusual.

"We had 50 people here working on water almost full-time for a year and a half," says Cary Martin of Dewe Rogerson, the public relations adviser on water, now handling the electricity privatisation. "That was almost entirely due to the complexity of the flotation."

In return for their long hours, more than 20 UK advisers – from merchant bankers to chartered surveyors – received £18.7m in fees from the Government, the biggest pay-out to advisers in the history of the privatisation programme. The overseas offer cost £15.4m.

Marketing – including advertising – cost a total of £36.2m. That was less than the Government spent on the British Gas flotation, with its "Tell Sid" campaign, but included £11.5m for production and distribution of the 600-page prospectus, and £7.2m spent on the water share information office run by Dewe Rogerson.

The Government again proved how sophisticated it has become at managing privatisation issues by shaving underwriters' fees to £33.2m – that compares with £74m for the much smaller British Telecom issue six years ago. Selling and broking commission was £6.7m and receiving banks netted £17.7m.

To critics of privatisation policy the fees must seem like a reward to City friends of the Conservative Party.

But ministers are notoriously parsimonious paymasters – one Government adviser says he earned only a third his normal private-sector fee on the water account. Prestige makes up the shortfall.

Mr Richard Gledhill, a member of the privatisation team at Price Waterhouse, the accountant, which has analysed the costs of past government flotations and advised several water companies, believes the Government will continue to squeeze advisers' fees, a warning for the ranks of City professionals lined up for the equally complex electricity privatisation.

"The Government is continuing to learn lessons from past experience – and continuing to strike a hard bargain," he says.

Turning on the tap: shareholder incentives over three years could cost a further £80m

**LARGEST PRIVATISATIONS**

| | Gross proceeds £bn | To company £m | ESTIMATED COSTS To govt £m | Total £m | As % of proceeds |
|---|---|---|---|---|---|
| British Petroleum 1987* | 7.02 | 50 | 64 | 114 | 1.6 |
| British Gas 1986 | 5.43 | 18 | 157 | 175 | 3.2 |
| Water companies 1989 | 5.11 | 62 | 128 | 190 | 3.7 |
| British Telecom 1984† | 3.92 | 8 | 144 | 152 | 3.9 |
| British Steel 1988 | 2.50 | 20 | 47 | 67 | 2.7 |
| Rolls-Royce 1987 | 1.36 | 7 | 22 | 29 | 2.1 |
| BAA 1987 | 1.28 | 5 | 36 | 41 | 3.2 |
| ALL PRIVATISATIONS: | 32.90 | 167 | 660 | 847 | 2.6 |

* Only 36.8 per cent of BP was sold in 1987
† Only 50.2 per cent of BT was sold in 1984

Source: Price Waterhouse

# A yardstick index which is proving a City puzzle

By Barry Riley

DID THE FT-Actuaries All-Share Index show a return last year of 35.5 per cent, 36.1 per cent, or 35.9 per cent? City fund managers are anxious to know.

The puzzle has arisen because the UK's two leading monitors of pension fund performance – the WM Company and Combined Actuarial Performance Services (Caps) – have become locked in a bizarre argument over how the index performed.

An index such as the All-Share is intended to provide a yardstick against which to compare actual fund performance. If one cannot reliably measure the index, how can one pretend to measure real portfolios?

In 1989, the All-Share Index rose by 30.0 per cent. There is no doubt about that. The problem has arisen in how the dividends should be added. WM took account of when share prices went ex-dividend and recorded a total return of 36.1 per cent. Caps added a notional one-twelfth of the annual yield each month and recorded a return of 35.5 per cent.

The difference of 0.6 per cent is very large in terms of the tiny margins of error within which index-tracking funds aim to duplicate the All-Share return.

In past years such a wide measurement gap did not appear. This is partly because WM has only refined its method of calculation quite recently. In addition, 1989 was something of a freak year in which the index surged in the first quarter and dividends rose by a remarkable 17 per cent over the 12 months. The effect of compounding led to a wide and embarrassing divergence between the two results.

It is understood that within a few days the two companies will announce a compromise. Caps has agreed to adopt an ex-dividend calculation, but with a six-week delay to allow dividends to be received and reinvested.

Index fund managers should therefore note that the return on the All-Share last year was 35.9 per cent. It's a deal.

## Expansion for Welsh company

By Anthony Moreton, Welsh Correspondent

OPTICAL FIBRES is to undertake a £25m expansion with the construction of a plant on Deeside, North Wales, near its present works.

The company, a joint venture between BICC, the British cable and electronics manufacturer, and Corning, the US glass-to-ceramics concern, was set up on Deeside seven years ago to manufacture optical communications fibre.

The plant, should come on stream late next year and will more than double output to more than 1m miles a year.

# BNFL plans joint venture to build two N-power stations

By David Thomas, Resources Editor

BRITISH Nuclear Fuels, the state-owned nuclear reprocessing company, is aiming to team up with generator manufacturers and electricity companies to build two new nuclear power stations.

BNFL announced last year that it was considering whether to apply for permission to build two new nuclear power stations on its existing sites at Capenhurst near Chester and at Chapelcross in southern Scotland.

The company now expects to have finished its feasibility study of the two power stations, each of which could be as large as 2,000 MW, by late summer.

"So far we haven't identified anything that poses any difficulties," it said.

However, Mr Christopher Harding, BNFL chairman, said that the company would need to find joint venture partners to help finance the stations. This was because the Treasury would not wish to see the power stations financed entirely out of BNFL's normal borrowings, which are covered by a government guarantee of up to £2bn.

Mr Harding said BNFL had already talked to a range of nuclear power station manufacturers, including Westinghouse of the US, Mitsubishi of Japan, Framatome of France and KWU, a subsidiary of Siemens of West Germany, about supplying equipment for the planned nuclear stations.

Mr Harding said BNFL might try to form a joint venture with one of these companies to build and run the stations

Another possibility was that BNFL would team up with one of the newly privatised electricity companies, such as one of the 12 area supply companies or one of the two generators in England and Wales.

A link with one of the area supply companies would have the advantage of helping to guarantee in advance that there would be a customer for the electricity from the stations, which would probably not be completed for about 10 years.

Mr Harding stressed that no decision would be taken on the stations until after the feasibility studies were completed. He added that public inquiries would almost certainly be held into applications to proceed with the stations.





# Ford suffers fall in new car sales

By Kevin Done, Motor Industry Correspondent

UK new car registrations fell by 5.62 per cent in March to 208,733, the fifth month in succession that monthly sales were lower than a year earlier.

New car sales in the first quarter of this year were 7.71 per cent lower at 582,546 compared with 631,202 a year ago.

Car sales in the UK began to weaken in September last year under the impact of high interest rates and the slow-down in the UK economy following five years of record sales.

The share of imported cars in the first three months has jumped to 57.6 per cent from 55.4 per cent a year ago, while imports captured 57.4 per cent of the market in March alone compared with 54.7 per cent in March last year.

A big factor behind the jump in imported car sales is the sharp rise in Ford imports from Belgium, where it makes the Ford Sierra. Ford is transferring all its UK Sierra production from Dagenham, Essex to its plant in Genk, Belgium.

Ford has been one of the main losers in the UK new car market. Its share fell to 24.0 per cent in the first three months from 27.7 per cent a year ago, while its sales volume dropped by 19.9 per cent to 140,050.

Nissan has also lost ground sharply this year with a fall in its market share to 4.4 per cent from 5.7 per cent.

Vauxhall, the UK subsidiary of General Motors of the US, has continued to gain market share helped by the success of its Cavalier range. Vauxhall increased its share to 17.0 per cent in the first quarter from 15.0 per cent a year ago and is firmly established in second place in the UK market.

Third-placed Rover Group, a subsidiary of British Aerospace, has finally stopped the prolonged erosion of its domestic market share thanks to the success of its recently launched Rover 200/400 range and rising sales of its Range Rover and Discovery four-wheel drive vehicles.

**UK CAR REGISTRATIONS**

| | March 1990 | % | 1989 | % | Year to date 1990 | % | 1989 | % |
|---|---|---|---|---|---|---|---|---|
| Total market | 208,733 | 100.00 | 221,155 | 100.00 | 582,546 | 100.00 | 631,202 | 100.00 |
| UK produced | 88,908 | 42.59 | 100,093 | 45.26 | 247,244 | 42.44 | 281,606 | 44.61 |
| Imports | 119,825 | 57.41 | 121,062 | 54.74 | 335,302 | 57.56 | 349,596 | 55.39 |
| Ford | 51,921 | 24.87 | 63,530 | 28.73 | 140,050 | 24.04 | 174,782 | 27.69 |
| Vauxhall/Opel | 34,617 | 16.58 | 33,076 | 14.96 | 99,081 | 17.01 | 94,544 | 114.98 |
| Rover Group | 31,963 | 15.31 | 29,809 | 13.48 | 83,795 | 14.38 | 86,661 | 13.73 |
| Peugeot/Citroen | 17,388 | 8.33 | 20,269 | 9.16 | 54,522 | 9.35 | 59,338 | 9.40 |
| Audi/VW/Seat | 13,583 | 6.51 | 13,187 | 5.97 | 40,143 | 6.89 | 40,163 | 6.36 |
| Nissan | 9,446 | 4.53 | 14,500 | 6.56 | 25,416 | 4.36 | 36,247 | 5.74 |
| Renault | 7,252 | 3.47 | 6,160 | 2.79 | 23,453 | 4.03 | 22,127 | 3.51 |
| Fiat/Alfa/Lancia | 6,404 | 3.07 | 7,417 | 3.35 | 17,565 | 3.02 | 21,486 | 3.40 |
| Volvo | 7,440 | 3.56 | 8,076 | 3.65 | 21,301 | 3.66 | 22,232 | 3.52 |

Source: Society of Motor Manufacturers and Traders

EMPLOYMENT

# Employers are involving staff more, study finds

By Hazel Duffy

EMPLOYERS have made big strides towards involving their workforces more in their plans and actions.

The first big study of employee involvement since 1983, by the Confederation of British Industry, conducted by KPMG Peak Marwick, shows that companies are communicating with employees using a range of methods.

Noticeboards are the most popular means of communication (96 per cent), followed closely by team briefings (77 per cent), induction courses (75 per cent) and the company hand book (68 per cent).

Many are also consulting their employees as well as informing them. Forty seven per cent of the 949 companies in the survey had some type of formal consultative machinery in place.

Consultative committees with trade unions playing a direct role are more common in larger companies. However, employee representatives were not chosen by trades unions in 43 per cent of cases where formal committees are recognised by employers.

In 34 per cent of companies consultation had taken place in advance of an important business decision in the previous 12 months. The figure rose to 47 per cent when a big decision was to be implemented, and 75 per cent of employers reported that the consultation was sufficiently valuable to influence the final decision.

The CBI, which opposes worker directors, has encouraged better employee communications partly as a means to offset pressures from the European Commission for more formal representation, but also because it believes that greater involvement of employees in their companies is beneficial in terms of commitment and greater productivity.

It warns employers that they cannot afford to be complacent. Competition in the 1990s will be more intense, and organisations will need to get the best out of all employees, "to tape the full extent of their ideas and abilities," the confederation says.

Many employers will have more women on their staff, more part timers, more 50-plus employees and more from minority groups. Motivating them, and securing their commitment, will require more ingenious means of communication.

At the same time, a better educated, more highly skilled and mobile workforce calls for greater efforts to be put on career opportunities, public image, responsiveness to social issues and community involvement.

*Involvement – Shaping the Future for Business. Available from CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. £5, CBI members, £10 non members.*

# Labour would not impose training levy

By Lisa Wood, Labour Staff

THE LABOUR Party yesterday said it had no intention of imposing a national levy for training on all employers should it form a government.

Mr Tony Blair, Labour's employment spokesman, denied that this was a climbdown on a earlier plan, by former employment spokesman Mr Michael Meacher, contained in Labour's Policy Review.

The Review, published last year, stated that the Labour Party would set up a National Training Fund to underpin a raft of new proposals in the Party's policy review on training. A funding component was to be a contribution "by all enterprises" of 0.5 per cent of payroll, to be known as the Training Investment Contribution. This fund would not have been used for company-specific training, but for more general industry training.

The Labour Party, which has been consulting widely on training over the past few months, has come up against opposition from industry to this plan, with companies reluctant to fund industry-wide training initiatives.

Mr Blair said there had never been any intention to impose a levy on all companies. The idea of the levy was to get a contribution from companies that did not train rather than tax companies which did.

It is understood that the Labour Party is interested in the French system, where companies employing more than 10 people have to allocate 1.1 per cent of their wage bill towards training. Those not meeting the targets are fined that amount.

First indications of a change in policy came this week when Mr Neil Kinnock, the Labour Leader, said that the levy would only be imposed on companies not dedicating adequate investment to training.

Mr Michael Howard, the Employment Secretary, in an Open Letter on Thursday to Mr Blair asked him to clear up what he described as a muddle. He asked: "Do the Policy Review proposals for a jobs tax on all enterprises still stand?

"Labour's policy documents and spokesmen apeared to be in a state of total confusion on the matter," Mr Howard said.

# Guardian backs down on individual contracts plan

By Raymond Snoddy

THE MANAGEMENT of The Guardian newspaper has backed down on its insistence that all staff should have the right to individual contracts – in return for the ending of a formal closed shop at the paper.

The compromise agreement comes after nearly four months of dispute at The Guardian and a much longer history of poor relations between management and the 248 members of the National Union of Journalists at the liberal daily.

In a statement, both sides said that the new agreement "should form the basis of a stable relationship for the forseeable future."

The present row broke out in December when management began offering individual contracts, backed by significant pay rises, to some journalists who asked for them, and sought to extend the scheme to anyone who wanted to be individually appraised.

Under the new deal, journalists occupying 25 named posts will have the right to an individual contract if they choose, but this will form an appendix to the house agreement governing collective bargaining between management and the rest of the staff.

Pay rises agreed under collective bargaining will form a minimum pay rise floor for the 25 senior editorial management posts.

An 8.5 per cent pay rise, with a minimum of £2,250, has also been agreed for this calendar year as part of the settlement.

The NUJ is very pleased that the issue of individual contracts has been defused and the position of collective bargaining reinforced. The management are equally pleased at the ending of the formal closed shop and the move away from flat rate payments which has greatly compressed Guardian pay scales over the past decade.

NEWS IN BRIEF

## BT managers walk out over grading

MANAGERS at British Telecom yesterday staged their first nationwide, half-day strike over a new grading structure linked to this year's pay deal, writes Michael Lindemann.

Members of the Society of Telecom Executives (STE), the union representing 29,000 junior and middle managers at BT, walked out at lunchtime.

STE said the strike had been "very solid," and that plans for further action would be announced next week. However, BT said that the majority of managers had ignored the action, adding that it was still willing to negotiate and that it would take a "much firmer line" in the event of further industrial action.

## Shorter week ballots

THE ENGINEERING Employers Federation yesterday hit out at engineering union tactics in the campaign for a shorter working week. The unions intensified their action on Thursday by naming 34 factories for strike ballots on the issue.

Mr Peter Brighton, EEF Director General, said that companies resented finding out from newspapers that they had been named for ballots.

Negotiations, meanwhile, are continuing at the Kingston-upon-Thames plant of British Aerospace, the only engineering plant currently on strike for a 37-hour week. Both sides went separately for talks earlier this week at the conciliation service Acas. This was followed by 10 hours of joint talks on Thursday. The plan is to resume negotiations on Monday.

## Ford talks continue

TALKS WERE continuing last night at three Dagenham Ford plants over working arrangements the company wants to introduce as part of a recent pay deal. Line workers risked losing about £150 each in back pay if they did not meet a midnight deadline for agreement.

The company's proposals are aimed at increasing productivity. Ford said it would only pay a 3 per cent allowance for line workers, agreed as part of the 1989-91 pay deal, if measures were agreed at plant level.

**FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION**

The market capitalisations of the groups and sub-sections of the FT-Actuaries indices as at March 30 1990. Comparative figures are also shown for the quarter ending December 1989, both before and after year-end changes. The first figures denote the current number of constituents and the second, where given, the number before year-end changes.

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks) | | | Market capitalisation as at Mar.30,1990 (£m.) | % of all share index | Market capitalisation as at Dec.29,1989 (£m.) | % of all share index | Market capitalisation as at Dec 29,1989 (£m.) | % of all share index |
|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS GROUP | 201 | (204) | 74,225.5 | 16.99 | 80,881.0 | 17.21 | 75,479.0 | 16.13 |
| 2 | Building materials | 27 | (28) | 12,782.4 | 2.93 | 14,043.0 | 2.99 | 14,143.5 | 3.02 |
| 3 | Contracting, Construction | 37 | (37) | 6,401.4 | 1.47 | 6,975.2 | 1.48 | 7,126.9 | 1.52 |
| 4 | Electricals | 10 | (10) | 3,386.4 | 0.78 | 3,653.5 | 0.78 | 3,653.5 | 0.78 |
| 5 | Electronics | 29 | (30) | 12,932.2 | 2.96 | 14,109.7 | 3.00 | 14,109.7 | 3.02 |
| 6 | Mechanical Engineering | – | (53) | – | – | – | – | 13,326.3 | 2.85 |
| 6 | Engineering-Aerospace | 8 | (-) | 4,691.1 | 1.07 | 5,241.0 | 1.11 | – | – |
| 7 | Engineering-General | 43 | (-) | 7,497.5 | 1.72 | 7,935.5 | 1.69 | – | – |
| 8 | Metals and Metal Forming | 6 | (6) | 4,210.8 | 0.96 | 4,125.3 | 0.88 | 4,125.3 | 0.88 |
| 9 | Motors | 16 | (16) | 4,298.4 | 0.98 | 4,775.5 | 1.02 | 4,775.5 | 1.02 |
| 10 | Other Industrial Materials | 25 | (24) | 18,025.3 | 4.12 | 20,022.3 | 4.26 | 14,218.3 | 3.04 |
| 21 | CONSUMER GROUP | 176 | (184) | 131,629.3 | 30.12 | 144,801.2 | 30.80 | 143,336.6 | 30.62 |
| 22 | Brewers and Distillers | 21 | (23) | 23,821.9 | 5.45 | 25,629.2 | 5.45 | 25,669.8 | 5.48 |
| 25 | Food Manufacturing | 20 | (20) | 18,972.7 | 4.34 | 20,936.4 | 4.45 | 20,964.1 | 4.48 |
| 26 | Food Retailing | 16 | (15) | 14,588.8 | 3.34 | 14,764.2 | 3.14 | 13,274.8 | 2.84 |
| 27 | Health and Household Products | 13 | (14) | 30,207.9 | 6.91 | 33,027.4 | 7.03 | 33,056.1 | 7.06 |
| 29 | Leisure | 31 | (34) | 13,237.7 | 3.03 | 15,586.3 | 3.32 | 15,586.3 | 3.33 |
| 31 | Packaging and Paper | 13 | (14) | 2,123.3 | 0.49 | 2,396.3 | 0.51 | 2,246.5 | 0.48 |
| 32 | Publishing and Printing | 16 | (18) | 7,888.2 | 1.81 | 9,079.3 | 1.93 | 9,109.6 | 1.95 |
| 34 | Stores | 34 | (32) | 18,681.3 | 4.27 | 19,706.6 | 4.19 | 19,723.0 | 4.21 |
| 35 | Textiles | 12 | (14) | 2,107.5 | 0.48 | 3,675.5 | 0.78 | 3,706.4 | 0.79 |
| 40 | OTHER GROUPS | 105 | (97) | 97,471.8 | 22.31 | 99,257.2 | 21.11 | 95,760.6 | 20.46 |
| 41 | Agencies | 17 | (17) | 7,446.4 | 1.70 | 7,253.9 | 1.54 | 7,294.4 | 1.56 |
| 42 | Chemicals | 23 | (21) | 15,483.0 | 3.54 | 14,644.9 | 3.12 | 14,493.2 | 3.10 |
| 43 | Conglomerates | 14 | (14) | 18,769.2 | 4.31 | 17,154.3 | 3.65 | 16,199.4 | 3.46 |
| 44 | Transport | 13 | (13) | 9,777.9 | 2.24 | 10,307.8 | 2.19 | 10,307.8 | 2.20 |
| 46 | Telephone Networks | 2 | (2) | 22,584.5 | 5.17 | 24,588.4 | 5.23 | 24,588.4 | 5.25 |
| 47 | Water | 10 | (-) | 6,439.4 | 1.47 | 6,511.7 | 1.38 | – | – |
| 48 | Miscellaneous | 26 | (30) | 16,971.4 | 3.88 | 18,796.2 | 4.00 | 22,877.4 | 4.89 |
| 49 | INDUSTRIAL GROUP | 482 | (485) | 303,326.6 | 69.42 | 324,939.4 | 69.12 | 314,576.2 | 67.21 |
| 51 | Oil and Gas | 18 | (15) | 50,670.4 | 11.60 | 53,912.9 | 11.46 | 53,912.9 | 11.51 |
| 59 | 500 SHARE INDEX | | | 353,997.0 | 81.02 | 378,852.3 | 80.58 | 368,489.1 | 78.72 |
| 61 | FINANCIAL GROUP | 111 | (120) | 66,445.1 | 15.21 | 72,527.3 | 15.43 | 72,622.9 | 15.52 |
| 62 | Banks | 9 | (9) | 26,714.2 | 6.11 | 26,787.9 | 5.70 | 26,788.0 | 5.72 |
| 65 | Insurance (Life) | 7 | (7) | 7,391.2 | 1.69 | 8,440.4 | 1.80 | 8,440.4 | 1.81 |
| 66 | Insurance (Composite) | 7 | (7) | 10,984.0 | 2.51 | 12,881.1 | 2.74 | 12,881.1 | 2.75 |
| 67 | Insurance Brokers | 7 | (7) | 2,061.9 | 0.47 | 2,230.2 | 0.47 | 2,241.2 | 0.48 |
| 68 | Merchant Banks | 7 | (11) | 2,656.1 | 0.61 | 3,811.3 | 0.81 | 3,832.8 | 0.82 |
| 69 | Property | 49 | (49) | 12,716.1 | 2.92 | 13,986.7 | 2.98 | 13,986.7 | 2.99 |
| 70 | Other Financial | 25 | (30) | 3,921.6 | 0.90 | 4,389.7 | 0.93 | 4,452.7 | 0.95 |
| 71 | Investment Trusts | 67 | (69) | 13,660.3 | 3.13 | 15,496.3 | 3.30 | 15,538.2 | 3.32 |
| 81 | Mining Finance | – | (1) | – | – | – | – | 5,711.2 | 1.22 |
| 91 | Overseas Traders | 5 | (7) | 2,849.7 | 0.64 | 3,250.0 | 0.69 | 5,718.7 | 1.22 |
| 99 | ALL-SHARE INDEX | 683 | (697) | 436,952.1 | 100.0 | 470,125.9 | 100.0 | 468,080.1 | 100.0 |

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# How not to co-operate

SUCCESS has many fathers; failure is an orphan. That is the first thought brought to mind by the speech of Mr Robin Leigh Pemberton, Governor of the Bank of England, in Durham last Thursday. But there is another: when the finance ministers and central bank governors of the group of seven industrial countries meet in Paris this weekend, the most important conflicts will not be among countries, but between the ministers and the central bankers within each.

"It is clear from the rise in inflation over the past two or three years that something has gone quite badly wrong," said Mr Leigh Pemberton, "and I shall not deny that policy mistakes and forecasting errors played a part." As the governor of a central bank with little opportunity for independent action, he is pointing his finger at the citadel on Great George Street. If only you had left monetary policy to me, he suggests, the UK would not be in this mess.

Perhaps he is right, but the friction would have been immense. Back in 1987 and 1988, the Bank of England would have been accused of throttling the British economic miracle (not to mention losing an election). Independent central banks play a lonely hand.

That is certainly the lesson to be drawn from the current troubles of Mr Leigh Pemberton's peers. A head-on conflict over economic and monetary union has emerged between the Bundesbank, on the one hand, and popular pressure in East Germany, on the other, with Mr Kohl's Government playing piggy-in-the-middle. In the US, the administration has consistently embodied the populist pressure for fast growth as against the monetary orthodoxy of the Federal Reserve.

In Japan, the Ministry of Finance is now clashing with the hitherto docile Bank of Japan over the priority to be given to control of inflation as against economic growth. The latter conflict is inescapable. It is also at the heart of the case for having an independent central bank in the first place.

## Exchange rates

The conflict has been given a sharp twist by the form of ad hoc international economic co-operation that has evolved since the Plaza Agreement of 1985. On the whole, central banks are fearful of commitments to stabilise exchange rates. Their job is to stabilise domestic economies and they are aware of the conflicts that can arise, at least in the short to medium term, between exchange rate targets and domestic monetary stability. It is no surprise, therefore, that the priority given to exchange rate management has created particularly sharp conflicts between the government and the independent central banks of the US and Germany.

Because these banks are proudly independent, the US and Germany tend, in practice, to pursue a more domestically oriented monetary policy than other G7 participants. International co-ordination has too often appeared to be a polite euphemism for encouraging Japan to do what the US wants (just as the European Monetary System is a euphemism for follow-my-leader in Frankfurt).

## Foreign reserves

With the US and Germany looking at their monetary navels and France and Italy following the Bundesbank, Japan and the UK were, in practice, the two major countries with the will to make significant concessions to international economic co-ordination. In 1987, when an uncontrolled collapse of the dollar seemed imminent, Japan's foreign reserves rose by almost $40bn and those of the UK by more than $20bn. The Bundesbank did co-operate, too, especially after the stock market crash in October 1987, but reluctantly. The increase in its foreign exchange reserves of $27bn in 1987 was then largely unwound in 1988.

In short, Japan and the UK pursued particularly expansionary monetary policies. In both cases, an important reason was the desire to weaken the domestic currency. In both cases, the authorities were disturbingly successful, but only after the long and unpredictable lags that are characteristic of monetary policy. In the meantime, both countries experienced asset price inflation and sharp deteriorations in their external accounts.

The move to monetary tightening is necessary, both globally and in Japan and the UK. Mr Leigh Pemberton's defense of current UK economic policy is persuasive. But a more fundamental issue is raised. A tight and highly disciplined exchange rate system, like the EMS, is defensible. But the ad hoc, notably one sided monetary co-operation of the last few years may create as many problems in the long term as it solves in the short term. The exchange rate is an important monetary indicator. It was a mistake to ignore it in the early 1980s. But the economies of both Japan and the UK would probably have proved more stable in the long term if more attention had been paid to domestic monetary conditions and less to the exchange rate in the short term.

**Paul Abrahams and Andrew Hill look at Britain's privatised airport company**

# Problems in the air for BAA

Michael Ashcroft, chairman of the industrial services group ADT, is known as a deal-maker. But a puzzled City is asking what possible deal he could be aiming at with his 9 per cent stake in BAA, the privatised British Airports Authority.

BAA conforms with the ADT criteria for takeover. It is a high-margin operation, the cost of entry into the market by any other means would be steep, and it has a brand name of sorts. BAA is also a service business – like ADT, which has interests in security and vehicle auctions – and it has a strong asset base.

This week ADT announced it would refinance its stake by raising £100m with an issue of preference shares, which holders will be able to exchange for shares in BAA.

But in this case Mr Ashcroft is not free to stage an old-fashioned takeover raid, because BAA shelters behind a formidable palisade: a "special share" held by the Government, and restrictive articles of association.

Even if BAA is protected by the special share, ADT's stake has come at a bad time for Sir Norman Payne, chairman of the company which owns Heathrow, Gatwick and Stansted as well as airports at Prestwick, Glasgow, Edinburgh and Aberdeen.

For one thing, Sir Norman is lacking a chief executive officer to look after the day-to-day activities of the company, following the acrimonious resignation of Mr Jeremy Marshall last summer. Sir Norman, a 68-year-old engineer who shows no sign of retiring, is doing both jobs while a replacement is found.

For another, his management team is beginning to prepare for a review of the company's operations by the Monopolies and Mergers Commission. The five year review, provided for when BAA was privatised, will assess airport charges, services to airlines and the sale of goods and services to passengers. It is due to be published by the end of the summer of 1992.

However, the most serious problem facing Sir Norman is the possibility that the Government might relinquish its golden share. ADT is understood to have been lobbying sympathetic backbench Conservative MPs with the argument that the company's monopoly on the two largest international airports in the world should be broken up.

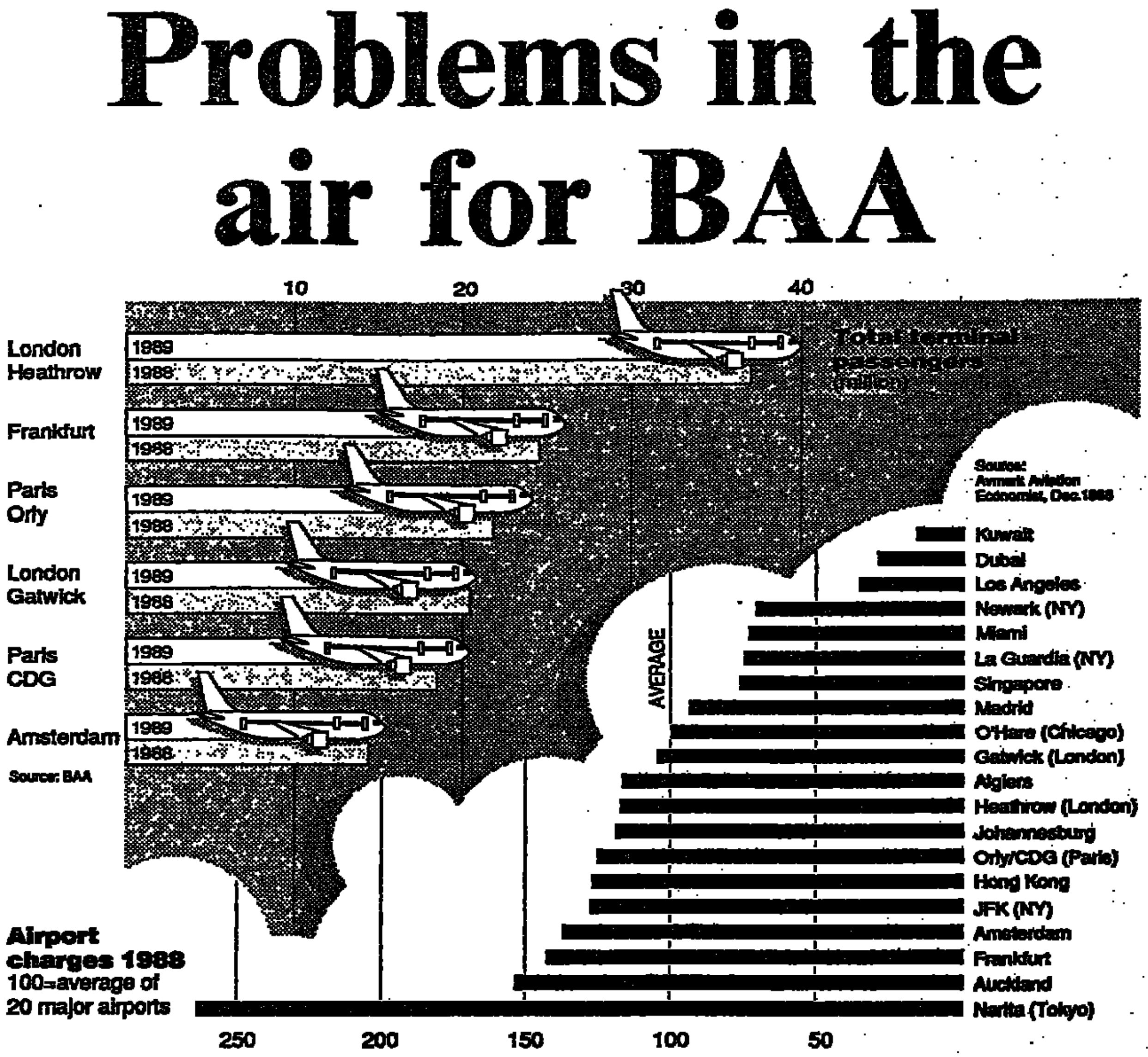
"The Ashcroft stake-building has brought up the issue of BAA's near monopoly of airports in the south-east in a curious way," says Mr David Starkie, the author of a study on London's airports for the Institute of Fiscal Studies. "It has resurrected the idea that Heathrow and Gatwick airports should be owned by separate companies and forced to compete."

### Heathrow is working at levels thought to be impossible five years ago

During the mid-1980s, before the British Airports Authority was privatised, a number of transport economists argued that the organisation should have been divided into two companies, one controlling Gatwick and the other Heathrow.

They believed that the advantages of such a division would have been threefold:

- Each company would have had an interest in maximising the limited resources at its airport – perhaps by setting prices at a level that would ration scarce take-off and landing slots.
- The efficiency of the two airports' activities would be more transparent if ownership was divided.
- The competing airport companies might be encouraged to build more facilities such as airport runways.




Mr Starkie believes that the dangers of a private monopoly are now coming home to roost. He argues that although BAA operated adequately during the late 1980s, the anomalies of its position as a privatised monopoly are being brought to a head by the need to construct a new runway at one of the London airports towards the end of the decade.

He questions whether the ambitions of a publicly quoted company, the requirements of which are to maximise profit for its shareholders, are compatible with the more general interests of British aviation, which include the need to invest in runway capacity before congestion at airports in the south-east of England risks threatening their dominant position in Europe.

The case for starting the construction of a new runway towards the turn of the century in the London area is not in dispute. The number of passengers travelling via London's airports is projected to increase from more than 60m in 1989 to between 120m and 140m by 2005.

In July, the Civil Aviation Authority is expected to publish a report for the Department of Transport on the implications of such growth for the airports in the south-east of England. It will address the issue of how Britain's existing airports might maximise the use of existing facilities, and when and where a new runway should be built in the London area.

BAA agrees that a new runway will eventually be required. But in a public and sometimes heated debate, it has questioned the timing put forward by the CAA, which estimates that a new runway may be needed as early as 2003.

The problem is that runways do not come cheap. Any marginal increase in runway capacity requires a substantial capital investment – one which would inevitably have a slow return. This is hardly a recipe likely to prove attractive to shareholders.

BAA says it is also anxious to avoid a long and costly public inquiry for the runway if there is a chance that the company would be unable to demonstrate an immediate need for it. Sir Norman admits that when it happens, the inquiry will be controversial, pointing out that getting 300 tonnes of metal in the air is never going to be a quiet process.

However, BAA believes that runway capacity will not be the most important factor in limiting the growth of British civil aviation over the next decade.

The company points out that Heathrow, which is handling 350,000 take-offs and landings a year, is presently operating at levels thought to be impossible five years ago. The airport should be capable of handling a further 50,000 movements a year, it says, while Gatwick has room for a further 25,000 movements a year and Stansted an extra 185,000 movements.

Capacity constraints in the sky remain more pressing than capacity constraints on the ground, argues BAA. It believes that air traffic control problems need to be solved urgently. Although the CAA is investing about £600m over the next 10 years on new systems, including one that should improve capacity over the south-east by between 30 and 50 per cent by 1995, the problems of incompatible systems between European countries must still be solved.

**Michael Ashcroft (right), the City's one-time enfant terrible, will have to play a subtle game if he is to take his investment in the British Airports Authority any further.**

**In ADT's recent circular to its shareholders about the BAA stake the group mounts no strong objection to the Government's "golden share," which is supposed to protect the ownership of key UK airports.**

**But it claims the 15 per cent restriction on all shareholders:**

- **removes the power to decide on the acceptability of major BAA shareholders from the hands of the Transport Secretary "where it properly belongs;"**
- **protects BAA's non-airport activities, which are not connected with the national interest;**
- **"insulates management from the disciplines of the stock market."**

However, the suggestion that the company might be broken up is infinitely more alarming to BAA. Sir Norman's defence rests on three points:

- Splitting the airports would lead to duplication and waste, he says, leading to higher costs for airlines and passengers.
- Breaking up BAA would not be in the general interest of British civil aviation, because Heathrow, Gatwick and Stansted form a comprehensive system serving the south-east and competing with continental airports.

"If the London airports were separated, they wouldn't compete with each other, they'd be killed by the Paris and Amsterdam airports" says Sir Norman. "The French, Germans and Dutch would be popping the champagne bottles." The most dangerous challenge from the Continent, believes BAA, comes from Aéroports de Paris, the French company that controls Charles de Gaulle and Orly airports. It is investing FFr9bn (£960m) over the next four years to create a major European hub at Paris.

- BAA, Sir Norman argues, has demonstrated its ability to meet the requirements of air transport planning through an impressive record of investment. Since 1986, the company has spent more than £1bn, an average of £250m a year, developing new and existing terminals at Heathrow, Gatwick and Stansted. In comparison, Aéroports de Paris invested only FFr919m in 1988 and FFr995m in 1989.

Sir Norman admits that some problems remain. Transport links between Heathrow and central London remain poor. However, BAA is planning to fund 80 per cent of the cost of the £235m link between Heathrow and Paddington once the necessary legislation has passed through Parliament. Sir Norman says that ideally the line would continue across London to Kings Cross station, but that he has to take one step at a time.

BAA has also shot itself in the foot on occasion. It has been frequently accused of using its monopoly to create unjustified profits on duty free goods, car parking and fees on hotel buses. However, when asked to investigate possible abuses, the Office of Fair Trading decided last year not to ask the Monopolies and Mergers Commission to investigate.

Nor will BAA will receive much support or sympathy from the airlines it serves. Indeed, in private, some senior airline executives say they would be in favour of breaking up the company.

Although airport charges levied by the company are regulated under a five-year formula keeping fee increases 1 per cent below the rise in the Retail Price Index, some smaller airlines have been irritated by changes in the structure of fees.

At Heathrow from the beginning of this month, jets have been charged a uniform landing fee at peak times, no matter what their size. BAA argues that its fees are cheaper than most major airports on the Continent.

The airlines are also concerned that the creation of a single market in the EC and the subsequent end of duty-free sales for passengers travelling within the Community could lead to an increase in charges. In 1989, BAA received about £100m from duty-free sales, a figure representing about 17 per cent of its turnover.

About half of these sales were made by passengers within the Community. A recent report by the Duty-free Confederation estimated that if the cross-subsidy between duty-free sales and landing fees is lost, airport charges for EC carriers would need to rise by about 35 per cent, and fares by about 10 per cent.

Like an air traffic controller with too many aircraft in the sky, Sir Norman has plenty of problems to juggle, from the ADT stake to fierce continental competition – not to mention the thousands of delayed passengers that are bound to be stranded at his airports again this summer. He will need all his engineering expertise to keep them simultaneously in the air.

*MAN IN THE NEWS*

**Mario Vargas Llosa**

# Peru's popular capitalist swaps pen for podium

**By Robert Graham**


Mario Vargas Llosa is one of a small group of brilliant Latin American writers who over the past 20 years have generated a new sense of cultural unity for the region. The 54-year-old Peruvian novelist could well play an equally important role now in providing a new political and economic culture in Latin America.

He stands a good chance of becoming Peru's next president either by winning outright tomorrow's elections or more probably as a result of a run-off in June. If so, his victory will complete a remarkable pattern of change in the region's approach to politics and economic policy. With the Peruvian leadership on board, governments as diverse as Argentina and Mexico will be wedded in varying degrees to reversing decades of protectionism, antipathy towards foreign investment and reliance upon the state as the motor of economic development. In its place a neo-Thatcherite philosophy is emerging which cuts the role of the state and devolves initiative to the individual and the private sector.

In the list of Latin American converts to the principles of free market economics, Mr Vargas Llosa is among the first. His fervour for popular capitalism has the conviction of someone who has seen the light after being on the other side. In his youth he joined the Communist party and went on to flirt with the attractions of Castroism. But he quarrelled very publicly with Castro over the imprisonment of writers and became disillusioned with leftist politics after the nationalising experience of the Peruvian military in the 1970s. An important influence on his thinking has been the work of the Peruvian economist, Hernando de Soto who has pioneered studies on Peru's informal economy and is a powerful advocate of de-regulation to encourage popular capitalism.

The name of the political movement – *Libertad* (Freedom) – he founded in 1987 as the vehicle for his assault on the presidency, underlines both the simplicity and largeness of his ambitions for Peru. Painting an apocalyptic vision of his country demoralised by terrorism, poverty and economic mismanagement, he is offering himself as a saviour. "We have a choice to start out on this road of modernising Peru or give up and allow Peru to become a fourth world country," he commented recently.

Like Vaclav Havel in Czechoslovakia, Vargas Llosa's appeal lies in his political freshness and his moral authority as a writer. But Vargas Llosa did not grow up in a totalitarian system and has had to fight a gruelling nine-month campaign. As a novelist and playwright, he chose to comment on society rather than change it, exploiting his position as an outsider. First this was self-imposed exile in Europe and latterly commuting between a house in Knightsbridge and a modern villa in a Lima suburb with magnificent cliff top views over the Pacific. Substantial royalties from more than 20 books and plays and careful money management have made him rich. A Vargas Llosa novel now has a Latin American print run alone of 1m copies. He has become wealthy enough to drop everything for the past three years and finance his political ambitions largely out of his own pocket.

Direct involvement in politics, he admits, has cost him a lot of soul searching. Having established his reputation as a writer by the mid-1970s, he found himself increasingly caught in a series of dilemmas. The source of his inspiration has always been his native Peru, whether exotic tales of the Amazon, the mysterious clash of cultures between hispanic colonisers of the coast and the indigenous Indians in the Andes or the struggles of middle class Peruvians to maintain appearances and the absurdity of military pretensions. However, he found it almost impossible to write in his own country, preferring the discipline of London with early morning jogging in Hyde Park and the afternoons writing in the British Museum reading room.

As Peru's political and economic situation deteriorated in the 1980s, and convinced of the need for radical new policies, he was drawn ineluctably into the arena. He was, after all, the country's main cultural property, consulted by the media on every issue. At one level this appealed to his vanity, at another to his patriotism and sense of responsibility as a writer. This mix of emotions nearly seduced him into accepting the premiership offered to him in 1980 by then President Fernando Belaunde.

Back in 1986, Vargas Llosa was clearly toying with his conscience over his responsibilities when he told me: "To some extent a successful writer in Peru and Latin America has the same position now as those in Europe in the 19th century – a public figure who is expected to take stands and has views on all important issues. He is a sort of public conscience."

Vargas Llosa became Peru's public conscience in 1987 when President Alan Garcia nationalised the banking system. The two men's egos had always clashed and Vargas Llosa saw the nationalisation, coming on top of a list of irrational policies by the president, as a step towards totalitarianism. Vargas Llosa swapped the pen for the podium – a decision facilitated by an increasing struggle within himself to produce the kind of work he wanted.

He was quickly adopted by a diverse group of centre and right-wing parties to champion opposition to President Garcia and began pulling the crowds. From then onwards it was difficult to extricate himself from the political arena. When he finally agreed last year to head the conservative coalition, Fredmo, his election was a formality.

For someone used to getting his own way as a celebrity, he learned with distaste the rough and tumble of politics. This produced some moody outbursts and whenever possible he retreats into the privacy of his family. In the latter stages of the campaign he has appeared to depend ever more on his family: his wife, Patricia, 24-year-old son, Alvaro and a cousin who runs his campaign. But Vargas Llosa possesses a steely determination and he has given as good as he has got in some exceptionally dirty mud-slinging.

His weakness is that he sees himself as a leader and instinctively dislikes the role of a politician. But Vargas Llosa is not a loser and he has staked his credibility on winning. Perhaps the real test now is if he fails to get the presidency. This possibility cannot be ruled out and he will then be faced with a choice: continue backing the change he has been promising Peruvians as their leader or seek solace in his books.

**John Plender** looks at the Bishop of Oxford's legal challenge to the Church Commissioners

# Christian ethics confront high finance

The habitual calm of the Church Commissioners' offices at Number One Millbank, just a stone's throw away from the House of Lords, is not easily disturbed. But the Bishop of Oxford, the Right Reverend Richard Harries, has clearly administered a jolt to this discreet but powerful institution, which manages £3bn of assets in support of the nationwide ministry of the Church of England.

By announcing last week that he was seeking to challenge in the High Court the Commissioners' legal interpretation of their own aims, investment powers and duties he has raised an awkward set of questions about ethical investment the implications of which will be felt in the City of London as well as in parishes across the land. If the challenge succeeds, the Bishop's supporters believe that the Commissioners' investment policy would be significantly transformed.

At first sight the Church Commissioners might seem an odd case for ethical treatment. The overriding priority of their assets committee, which includes such City luminaries as Joe Burnett-Stuart, chairman of merchant bankers Robert Fleming, and David Hopkinson, former chairman of M&G Investment Management, is admittedly to achieve the best possible financial return. But in seeking to do that, says the first Church Estates Commissioner Sir Douglas Lovelock, they shun all companies which trade mainly in armaments, gambling, alcohol, tobacco and even newspapers.

They also avoid all investment in South African companies and in companies which have more than a small part of their business in South Africa. In commercial property, meantime, where their portfolio is by now probably worth more than £1¼bn, the Commissioners claim to be sensitive to community and environmental issues.

Despite these apparent financial handicaps the return on the portfolio, which is tested in performance surveys, appears more than respectable. And the income is internally redistributed on impeccably Christian lines, with poorer dioceses *enjoying greater support. In recent* years the income on the Commissioners' portfolio, understood to have topped £140m last year, has provided around 40 per cent of the cost of stipends (salaries) for 11,500 clergy, with the other major contribution coming from Church people's giving. Almost all the cost of 10,000 clergy pensioners falls on the Commissioners.

Why, then, are the battle lines being drawn in a way that Trollope might have relished, with Counsel's opinion taken on both sides and the Bishop, himself a Commissioner, appealing publicly for £25,000-worth of financial support in order to pursue the case?

The argument is age-old, but it started to build up its present head of steam in 1986, when suggestions were made at the General Synod that a more draconian approach be adopted to companies with South African interests. Since then the ethical investment lobby has found a new outlet in the Christian Ethical Investment Group, a small, but vocal body the members of which include a number of bishops and other leading churchmen.

The aim, says the group's convener the Reverend William Whiffin, is *"to reclaim the integrity of* the Church of England." And with advice from Andrew Phillips, the senior partner of solicitors Bates, Wells & Braithwaite, the group has come up with a radical critique of the Commissioners' view of their constitutional purposes and invest*ment policies which provides the* basis of the Bishop of Oxford's case.

The key statute that governs the Commissioners' operations is the Ecclesiastical Commissioners' Act of 1840. Broadly speaking, this requires them to provide for the cure of souls in the parishes in *ways conducive to the efficiency of* the established church. Sir Douglas Lovelock believes that this amounts to a duty to provide for the maintenance of the clergy and their dependents. And in the opinion of his fellow Commissioner Owen Swingland QC, the Commissioners' investment decisions can legitimately be influenced by ethical considerations only to the extent that this can be done "without sacrificing their general duty to make the best investments." In other words, financial considerations come first.

Not so, says William Whiffin, who is joining the Bishop of Oxford in his action. He points to the opinion provided by a *senior* barrister specialising in ecclesiastical law, Christopher Heath, which argued that the maximisation of profit for the beneficiaries was not the paramount consideration and that the Commissioners were, in effect, a support fund for the promotion of *the Christian faith through the* Church. An opinion from Timothy Lloyd QC, an expert in charity law, offered a similar conclusion.

On this reading the cure of souls comes first. Christians, according to the Bishop should treat their money according to the values by which *they try to live the rest of their* lives. And his clerical supporters object strongly to their pay being provided by an agency that does not put those values at the top of the agenda. It makes no sense, they argue, for the clergy's pay to be financed by an investment policy *that no committed Christian would* naturally adopt as an individual.

The implications of the Bishop's view are far-reaching. For it implies lower investment returns. Where negative investment decisions are concerned Sir Douglas Lovelock estimates that a policy of total disinvestment from companies with any interest in South Africa would mean selling half the Commissioners' £1.1bn equity portfolio – a constraint that would almost certainly affect performance.

As for positive investment decisions, the Bishop's advisers want to see rural land used for low cost housing or sold at below economic value, *if need be, for other purposes* of the Church. They would like land in the inner cities to be used to foster local employment.

How the broader mass of Anglican clergy would feel about the Commissioners running their own external regional and urban policies *in this way remains to be seen. The* Bishop's supporters are open about the likelihood of a financial shortfall against present returns, which they regard as a price worth paying for Christian stewardship of the £3bn nest egg. Yet the average clergyman earns less than £12,000 a year.

Few, admittedly, expect their calling to be easy. But the hard pressed are bound to wonder whether this is not the thin end of a sizeable wedge. Others worry about the selective nature of the criteria used to define socially responsible invest*ment, pointing to the ethical* investment lobby's earlier narrow focus on South Africa. Why, they ask, did people overlook companies that traded with Romania while it openly pursued a policy of genocide under the late President Ceausescu? And what about the gray areas, such as the sale of alcohol and tobacco by Marks & Spencer or J.Sainsbury?

Yet the bandwagon is now rolling. Andrew Phillips of Bates, Wells & Braithwaite expects a resolution of the legal argument before


the end of the year. Until then the Commissioners remain impaled on the fence that divides the very different values of church and high finance.

But whatever the outcome, the arguments and methodology of ethical investment are set to attract growing attention. Around £68bn of UK funds are now under some kind of restriction in relation to investment in South Africa, according to Anne Simpson, a director of Pensions and Investment Research Consultants (PIRC), an independent company that advises on socially responsible investment. Around £11bn of local authority pension fund money takes into account job creation and regional criteria, she adds, while a further £300m is invested in ethical unit trusts.

In short, the really surprising thing is that the Bishop of Oxford's challenge to the Church Commissioners did not come earlier.

**John Wyles** looks at foreign press reaction to riots in Britain and finds the Thatcher image battered

# Vulgaria: A damning verdict from abroad

Among her several present woes, Mrs Thatcher may not be inclined to count the heavy battering which her own image has suffered this week in the eyes of the world, let alone that of the country which she leads. But if authority abroad depends to any extent on authority at home, then the Prime Minister's international influence may have been considerably undermined this past seven days. Last Saturday's riotous insurgency against the poll tax followed by the depressing drama at Strangeways has been widely interpreted from the US to Japan as possibly signifying the death throes of Thatcherism.

While Italy's La Repubblica newspaper may be thought a *little premature in identifying* the current season in Britain as that of "the autumn of the Iron Lady," the media in most countries now have doubts about her political survival. Many commentators who have generously credited her with inspiring Britain's economic revival in the 1980s have been genuinely puzzled, and in some cases obviously saddened, by the apparent social divisions which have resulted.

Puzzlement, however, is perhaps more evident in the US than continental Europe. "What's up with you guys?" was the question asked by senior State Department and Treasury officials of a British reporter in Washington this week. In part this was because the pictures of violence in central London and Strangeways *conflicted with the almost* universal American view of Britain as contented, peaceful and friendly.

Signs of social strain have dismayed American conservatives, who have seen Mrs Thatcher, along with Ronald Reagan, as the leader of the free market, anti-communist revolution. Columnist Arnold Beichman wrote in the Washington Times that "the political news for friends and admirers of Prime Minister Margaret Thatcher – the best thing that happened to Britain since Winston Churchill – is grim."

In both continental Europe and Japan, newspapers reflected a strongly-held view that Mrs Thatcher is reaping in social unrest what she has sown in economic divisions. If the conservative business *daily, Nihon Keizai Shimbun;* felt sure that the Trafalgar Square riot "has shown clearly that Thatcher's capacity as a leader has declined," both the left-leaning Asahi Shimbun and the right-of-centre Yomiuri Shimbun sympathised with the rioters. "Thatcher's idea that those who do not work, do not eat, is harsh on those who have failed to fit into society . . . the poll tax has provoked these unhappy young people," commented the latter.

The New York Times and France's Le Monde have supported the view that the Trafalgar Square rioting was essentially the protest of an underclass created by Thatcherism. "Brimming with anger and despair, a growing number of alienated young Britons, who feel passed over *by the Thatcher era, seem to* have found a target for their rage in an unpopular new tax," said the New York Times which revealed that of the 339 arrested last Saturday, more than 70 per cent were between the ages of 17 and 25.

No one has been interviewed more assiduously this week than Mr Phil Kelly, the editor of Tribune, who has performed a signal service in helping foreign correspondents to understand the extreme left in Britain – something which their fathers in the 1970s would have had at their fingertips.

He explained to the New York Times that the violent majority in Trafalgar Square were "anarchist groups that attract young people who feel that mainstream politics has nothing to offer," while the for*eign editor of La Repubblica* was informed that the Socialist Workers Party – undoubtedly represented at the riot – was "like a football club with a reputation for violence," – it attracts those who want to use their fists.

*Le Monde* thinks that it is Mrs Thatcher's policies which are acting as the recruiting sergeant for extreme left groups. It headlined an editorial "Thatcherism and Violence," and, in a comment on Strangeways, the paper observed that "no one is exempt from prison riots, but it is clear that in a country where the social fabric has deteriorated so badly, there is going to be an increase in various forms of delinquence, and this inevitably leads to overcrowding."

But the prize for the most *eloquent hatchet job on* Thatcherism that we have seen this week goes to Mr Alberto Cavallari of La Repubblica. In a finely argued piece which only tilted towards exaggeration in every third line, he lamented a political regime which had produced "rich who are always becoming richer and poor which are increasingly poorer."

The Prime Minister's achievement in "renewing an England exhausted by the 1970s" had to be recognised. The process had been traumatic but Britain had needed "to bury the corpse of a welfare state that was paralysing the country, even if the social costs have been high." But, wrote Mr Cavallari, Mrs Thatcher has failed to build anything on the rubble she has created. *Monetarism was at a* dead end, "popular capitalism" has been shipwrecked, "demagogic" credit policies had favoured only the banks, British technological powers were in decline, and the universities in crisis , said Mr Cavallari in a bleak litany. "So it is that when it needs a pull on the tiller, Thatcherism reveals itself as inert, lacking any political imagination." He concluded that little may have changed in Vulgaria (as Gore Vidal has unflatteringly rechristened the UK) and that recent violence and hooliganism is merely confirmation that the nation's long crisis is not relenting.

Mrs Thatcher may be tempted to feel that Mr Cavallari has gone slightly over the top in analysing her record. But what will she make of Mr David Hale, a respected commentator with Kemper Financial in the US who believes that this week's television pictures of violence in Britain has achieved "the South Africani*sation of the US image of* Britain." Recent events had forced people to rethink their view of the UK, said Mr Hale who added, "but almost no one in the US has the faintest clue of what might happen post-Thatcher."

# *LETTERS*

## Arrogance of planners

*From Ms P.M. Davies.*

Sir, Mr Robin Thompson, the president of the Royal Town Planning Institute (Letters, April 4) offers a perfect example of the arrogance of planning officers towards those people who have had the audacity to make a planning application and subsequently proceed to appeal.

Michael Heseltine had the right idea when he was the minister concerned and reasoned "an applicant is entitled to his planning permission unless there are sound planning reasons for refusal."

*Mr Thompson* regrets "more and more appeals are being lodged." He fails to see that more and more people are tired of the negative attitude of self-opinionated planning officers and are exercising their right to challenge them – and winning. Applicants are tired *of highly organised petitions of* dissent and of being the butt of malicious neighbours and councillors looking for votes. I served for 10 years on a planning committee and was appalled at the vindictiveness so obvious in some of the *letters of objection* – most of them nothing to do with planning.

Far from minimising the decisions of the Secretary of State as Mr Thompson suggests, what we need is a more efficient and streamlined system *to enable* people *to use it* within a reasonable timescale.

Ridley was not inept – he was brave: come back Mr Ridley, all is forgiven.

Phyllis M. Davies,
*Cardiff*

## Pension burden

*From Mr H.R. Wynne-Griffith.*

Sir, Parliament has just given a third reading to the Social Security Bill. This envisages that final salary pension schemes (but, perversely not other kinds of pension scheme) shall be required to increase pensions at 5 per cent a year. Once again this is an example of more, and expensive legisla*tion being aimed at good* employers. No attempt is made to encourage not-so-good employers to provide any pensions at all.

Employers might well not accept the additional and inflationary employment cost and *dismantle* their occupational schemes. Who then will meet the burden of pensions 15 to 20 years from now?

H.R. Wynne-Griffith,
*Barnett Waddingham & Co,*
*11 Tufton Street, SW1*

## The targeting of savings

*From Mr J. Brown.*

Sir, the Tax Exempt Special Savings Account (Tessa) *scheme introduced by* Mr John Major has, if nothing else, raised the issue of savings to the forefront of the UK economic debate.

One important factor that appears to be missing from most commentaries is that the *composition of savings is* critical as far as investment is concerned.

The views of Samuel Brittan and Treasury officials, who have downplayed the fall in the personal sector ratio because it has been broadly off*set* by a rise in public sector savings, are therefore misplaced. Savings are best utilised when they are borrowed by the corporate sector and used for investment. This occurs with net personal sector savings flowing into equities or gilts.

In fact, any resources that *flow into the stock market or* housing sector that is not matched by new supply are wasted and would have been far better utilised had they been placed in the banking sector.

Consequently, even if the Tessa scheme only shifts savings from say equities into bank deposits it should have a salutary effect on investment longer-term.

Ideally, the Chancellor should aim to target most savings/investment resources on the banking sector (out of housing and equities) and go much further than Tessa by making all interest-bearing deposits free of tax.

J. Brown,
*26 Wragby Road, E11*

## Helping fellow Europeans beyond the Elbe

*From Mr Peter Rodford.*

Sir, The implication in the letter (April 2) from John Drew, Head of the UK Office of the European Commission that we can *"help our fellow Europeans beyond the Elbe"* only when the 1992 programme is "in full working order" cannot go unchallenged. Still less can misleading statistics on the programme's implementation.

Mr Drew states that "some 60 per cent of the original 279 proposals constituting the internal market programme have already been adopted by the member states."

In fact, 60 per cent of the programme has been adopted by the European Council. The Commission itself, in its communication, "Implementation of the legal Acts required to build the single market" of September 7 1989, states that only six of the directives under the white paper programme have been incorporated in the legislation of all the member states.

In its conclusion, the Commission says: "The accelerated rate of adoption of legal instruments by the Council masks a worrying lack of progress in transposing these into national law, and in effective implementation of decisions taken at Community level."

The Commission also admits that "the uniform application of Community legislation is a necessary prerequisite for the effective and equitable operation of the single market . . ."

There are clearly many ways of helping fellow Europeans outside the EC. Masking the true state of progress on the completion of the single market is not one of them.

Peter Rodford,
*Needham & James,*
*Windsor House,*
*Temple Row,*
*Birmingham*

## A negative poll tax

*From Professor M. Miller.*

Sir, If it is bad politics to impose an (average) poll tax of £363 per head, there must surely be some votes in helping to secure a poll subsidy of £360 a head. Apparently this will soon be possible in East Germany, since you report that the 2 for 1 official rate chosen for the East German Mark will not be applied to small savings accounts, which are to exchange at par with the D-Mark.

To ensure the maximum take-up of the "poll subsidy" implicit in this concession (limited presumably to one account per person), why not offer an official short-term loan of up to 2,000 East German Marks to all comers, to be invested immediately in a savings account and repaid as soon as they double in value?

This would ensure receipt of a "poll subsidy" of DM 1,000 – or £360 per head – paid for by West Germany. Why, with an incentive like this, Chancellor Kohl could even tempt the Prime Minister to join the EMS!

M. Miller,
*Department of Economics,*
*University of Warwick,*
*Coventry, West Midlands*

## Der Spiegel: one Briton's part in the launching of a German news magazine

*From Mr John Chaloner.*

Sir, David Marsh's article about Der Spiegel's publisher ("Both hero and bogyman," March 15) starts by describing Mr Rudolf Augstein as the "enigmatic founder and publisher" of the magazine and says later that he founded it under a provisional publishing licence from the British occupation authorities.

As the FT is published in Germany as well as Britain I would like the opportunity to put the record straight, with credit where it is due, a distinction not so frequently made in the Federal Republic these days.

The facts of the founding and first publishing of Der Spiegel are best found in The Spiegel Story published last year as the English edition of the German book by Leo Brawand. A short reference also appears in Anthony Sampson's The New Europeans.

In 1945 I was seconded as a young tank regiment officer to 30 Information Control Unit, PRISC, in turn under the Foreign Office. Having started a number of local newspapers as part of the process of restoring a democratic German press, I had the title of Press Chief in Hanover and the rank of major. When I decided to start the first magazine, I chose the title Diese Woche, knowing that when the publication was eventually licensed to Germans the title would be changed – this being the policy that indicated that the British were no longer the publishers.

Already concerned with the long-windedness of the German language and the 12-year Goebbels tradition of mixing facts, lies and opinions, I was even more convinced that, if we were to teach press freedom to the post-war Germans, we must give them some. I produced two dummy issues, ran rewrite training and got approval for the first two stages of the project. The difficulties with resources of all *kinds were daunting,* not least the recruiting of suitable personnel. Mr Augstein was one of half-a-dozen who seemed worth the schooling and whom I early put forward as the potential licensee together with two others.

*Alas,* the *Foreign Office* got cold feet and delayed final approval, and I, more experienced in taking tanks round obstacles than in diplomacy, pressed the button in a small ceremony that ran off 15,000 copies and got them into distribution (bicycles without tyres, horse and cart, army trucks). I told my superiors we would lose face if attempts were made to withdraw the title.

The result of course, was predictable. I lost my job. Only now has digging under the 30-year rule revealed for The Spiegel Story the intriguing correspondence, Foreign Office-Berlin-Hanover. Examples: "The paper must be run on the most cautious lines, even with a sacrifice of brightness and piquancy." "Major Chaloner *must* have nothing more to do with the paper from this moment." "Diese Woche publishes photographs . . . which are not at present allowed in our zone."

On January 4 1947, Diese Woche was licensed to Mr Augstein and others and became Der Spiegel for the principal reason stated. At the present time when Anglo-German relations are going through a measure of strain and some misunderstanding, I thought it might be helpful to augment your original report with the authentic version of founding Der Spiegel – one example among many of how this country helped in the recovery of post-war Germany.

John Chaloner,
*Sandfold Farm,*
*Common Lane,*
*Selmeston, East Sussex*

# Laird Group recovers and moves on to double profit

By Jane Fuller

LAIRD GROUP, which makes car body seals and other rubber and plastic products, doubled its pre-tax profit to £43.7m in 1989 – the year it sold its transport businesses.

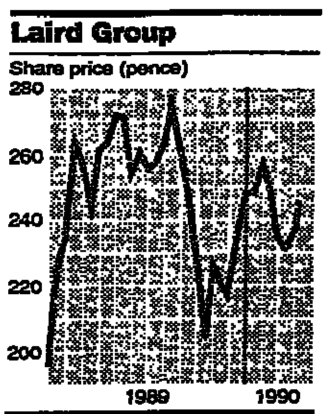
This compares with an £11m profit fall to £21.3m in 1988 after losses at Metro-Cammell Weymann, the bus and coach builder which was included in last year's sales.

Because of the disposals, which also included the Metro-Cammell railway rolling stock company, Laird's turnover fell by £66.5m to £487.3m. Continuing businesses made an operating profit of £47.1m (£41.3m) on sales of £439.4m (£365.4m).

Just over £160m (£144.6m) of turnover was contributed by the sealing systems division, which includes Draftex KG in West Germany. Operating profit grew more slowly to £19.8m (£19.1m) because of development costs related to the new Opel Kadett and the VW Golf replacement, to be launched in 1991-92, and the new plant built in Spain.

The industrial products division showed the most rapid growth with sales rising to £146.8m (£109.6m) and operating profit to £17.1m (12.6m). It benefited from the first full-year contribution of CPIO, a French producer of rubber and plastic car parts.

In the UK, the aero-engine components and conveyor businesses improved their results, but it was a rough year for building products.




The focus for the service industries division is the US, where it distributes plastics, supplies packaging and prints labels. The Panel Prints business, for which Laird made a 1-for-5 rights issue in September to buy the rest of the equity, fits in with this.

UK subsidiaries supply electronic and computer components, including keyboards for IBM machines. Overall, the division made sales of £131.8m (£111.2m) and operating profit of £10.2m (£9.6m).

Although interest costs rose to £6m (£4.6m), year-end gearing was little more than 13 per cent after a sharp reduction in borrowings and a big increase in shareholders' funds.

Earnings per share nearly trebled to 30.3p in spite of the dilution, which will be accentuated this year. The dividend is up 1p to 9.7p, with a 5.8p final.

The shares gained 6p to 244p.

● **COMMENT**

Laird has leapt from its old UK engineering shell brandishing an impressive amount of overseas activity and great hopes for its rubber and plastic products. In 1989 more than 80 per cent of its profits came from outside the UK, and so strong is the group in West Germany and France that it puts forward the argument that its shares represent an investment in those economies. Although there are worries about a brake on car sales, the value of the seals destined for the new models' doors, windows and boots is considerably enhanced. Development costs and the extra shares will take the shine off this year's earnings. But with the pick-up starting in 1991, the question is more likely to be when to buy rather than whether. Profit forecasts for this year range from £46m to £50.5m, giving a prospective p/e of between 7.8 (the same as GKN) and 8.4.

# Argos not dissatisfied with 202p share price

By Nikki Tait and Maggie Urry

ARGOS, the catalogue showroom retailer which has been spun off from BAT Industries, ended its first day on the stock market with a share price of 202p.

Turnover totalled 44m shares. Excluding double counting, this means about 7½ per cent of the company's shares were traded, and most of these changed hands in the first few hours of trading.

Mr Mike Smith, chief executive, said it had been "an historic day" for the company. Argos said it was "not dissatisfied" with the share price.

Stockbrokers such as County NatWest and UBS Phillips & Drew had been advising clients that a price of 195p would be fair, although there was a general expectation that the shares would open at 200p-210p. At one point they touched 209½p, but fell back later among generally falling stores shares.

BAT shareholders received one Argos share for every five BAT held. BAT shares adjusted downwards by 42p to 743p, suggesting that at the end of the day, investors were marginally worse off. However, the market overall also fell with the FT-SE 100 Share Index losing over 18 points.

Analysts said that Friday was not a good day for a newly-quoted company to start trading in its shares. Shares in Wiggins Teape Appleton, BAT's paper company due to be demerged in June, are also due to start trading on a Friday.

Meanwhile, an exchange of letters between BAT and its former predator, the Hoylake consortium headed by Sir James Goldsmith, has continued.

Hoylake, which had complained about the costs of the BAT defence and its share buy-back programme, has sent a brief missive back to its former target saying that in the light of BAT's reply, it is reserving its position. There have been suggestions that the initial Hoylake letter might be a prelude to legal action against BAT directors, a highly unusual move in the UK.

In the US, the insurance department regulatory hearings in Washington state ended yesterday, and are due to commence in Texas on Monday. A key decision from the Californian authorities is due on Monday afternoon, local time.

These hearings concern the application by Axa-Midi Assurances to buy Farmers Group, the BAT subsidiary, from Hoylake if the latter makes a successful bid for BAT. It is currently unable to rebid until the requisite clearances are obtained.

# New management team for Sketchley

By David Owen

SKETCHLEY, the beleaguered industrial services and cleaning group, yesterday announced the appointment of a new management team to spearhead its efforts to escape the hostile £93.4m offer from Compass, the contract cleaning and services company.

Sketchley's proposals, which include a conditional agreement to grant the new men a potentially lucrative share options package, have been supported by institutions which between them speak for 34 per cent of the company's shares.

Among the supporters is Mercury Asset Management, which also holds a 7 per cent stake in Compass and accepted Godfrey Davis's £133m offer for Sketchley that was aborted last month.

The new team comprises Mr John Richardson, a former managing director of Bond Corporation (UK) and chief executive of Hong Kong-based Hutchison Whampoa, and Mr Tony Bloom, ex-chairman and chief executive of Premier Group Holdings of South Africa.

Mr Richardson presided over Bond (UK) during eleven months of considerable corporate activity from August 1988. He resigned after disagreements regarding Bond's hostile 20 per cent holding in Lonrho, the international conglomerate.

Mr Bloom, who joined Premier – one of South Africa's ten largest industrial groups – in 1966, committed £2m to Sir James Goldsmith's Hoylake consortium which last year bid for BAT Industries.

In addition, Mr David Davies, chairman of Johnson Matthey, the precious metals specialist, will join the board as non-executive director.

Market reaction to the announcement was relatively muted, with Sketchley shares rising 2p to 263p. This was still above the 257.6p value of Compass's all-share offer at yesterday's closing price of 322p.

Mr Gerry Robinson, Compass chief executive, said: "We have said all along that it is a management problem and Sketchley have recognised that. This is just another expensive management change."

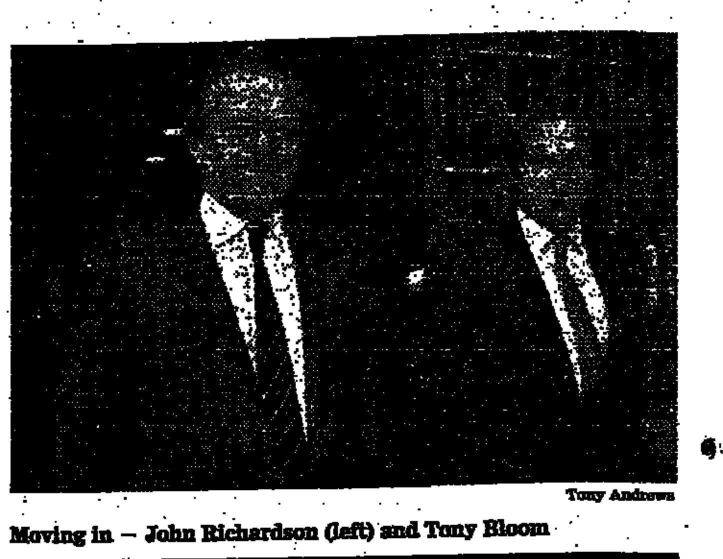
Under the terms of the management agreement, which is subject to approval by shareholders at an extraordinary general meeting to be convened in about a month, Mr Richardson and Mr Bloom will each become executive deputy chairman of Sketchley. Meanwhile, they have unconditionally been employed as executive managers.

Both will be granted options to subscribe for shares amounting to 2.5 per cent of Sketchley's current issued share capital, conditional to the group ceasing to be subject to a takeover offer. At the maximum subscription price of 265p, these would be valued at some £4.8m.

If the Compass bid succeeds or the option proposals otherwise fail to become unconditional, each will be paid £125,000. Both men will be on an annual salary of £150,000.

Neither would indicate yesterday what their precise plans for the business were other than to say that "the competitive edge has to be restored."

"There are people making money in the UK in every one of these businesses", they said. "The question is why shouldn't Sketchley?"



Tony Andrews

Moving in – John Richardson (left) and Tony Bloom

## KEY EVENTS OF THE PAST SIX MONTHS

● **Nov 16 1989:** Sketchley announces a fall in pre-tax profits to £5.41m (£7.2m) for six months to September 30.

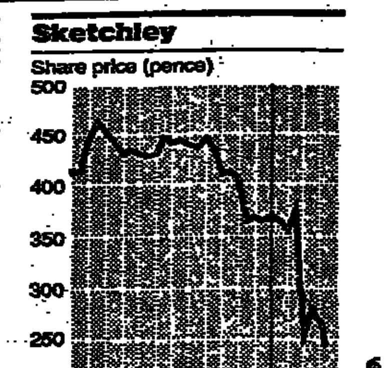
● **Feb 12 1990:** Godfrey Davis launches £133m cash and share hostile takeover offer.

● **March 1:** Godfrey Davis withdraws its offer after taking fright at the profits forecast in Sketchley's defence document. Sketchley said profits might fall to £6m for the year to March 30, including a £2.2m exceptional credit.

● **March 8:** Compass launches £96.5m all-share bid for Sketchley. The group said it had been approached by Sketchley about making a higher offer following the Godfrey Davis bid. Hours later, Mr Malcolm Glenn, Sketchley chairman, resigns. Mr John Gillum, deputy chairman, replaces him.

● **March 10:** Sketchley begins talks with potential new management teams.

● **March 18:** Compass warns Sketchley shareholders in its offer document that prospects are bleak if it remains independent.




● **April 1:** Sketchley defence document argues that the group has recovery potential and needs more focused management than Compass could provide.

● **April 6:** Mr John Richardson and Mr Tony Bloom appointed executive managers by Sketchley. Mr David Davies appointed non-executive director.

# OFT told Tate contemplating bid

By Clare Pearson

TATE & LYLE, the sweeteners group, has told the Office of Fair Trading that it is contemplating a takeover offer for Berisford International, the commodities group which owns British Sugar.

Tate said contact with the OFT had been made so it could advise Mr Nicholas Ridley, the Secretary of State for Trade and Industry, on whether to refer the issue to the Monopolies and Mergers Commission.

The company emerged last month as the most likely bidder for Berisford following the dissidence among institutional investors about the performance of Berisford and the subsequent resignation of Mr Ephraim Margulies, the chairman of Berisford

The MMC blocked a bid for Berisford from Tate in 1987. But Mr Paul Lewis, finance director, said yesterday that his company was hopeful the UK monopolies authorities would approve a second offer.

On discussions with Berisford, Mr Lewis said Tate was making "progress, both in discussions with Berisford and other sources of information we are using. But there is a lot still to be done."

A spokesman for Berisford said Charterhouse Bank, the company's financial advisers, had made certain information available to Tate since it announced it was contemplating an offer on March 19.

Such information would also have been made available to other bona fide offerors. "But there is no question of a selling memorandum being put together," he said.

Of particular concern to potential bidders for Berisford is the New York property operation, which accounted for about half of the £99.9m extraordinary provisions the company took in 1988-9.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Audit & General§ | int | 0.3 | May 25 | - | - | 0.3 |
| Betacom | fin | 0.1 | - | 0.2 | 1.1 | 0.2 |
| Bourne End Props | fin | 2 | - | 1.8 | 3 | 2.35 |
| Breedon | fin | 2.75 | - | 2.5 | 4.25 | 3.75 |
| Dawsongroup | fin | 1.6 | - | - | 3.2 | - |
| Elys (Wimbledon) | fin | 13.5 | - | 12.5 | 14.5 | 13.5 |
| Jacks (William) | fin | 1.1 | - | 1.1 | 2 | 2 |
| Laird Group | fin | 5.8† | June 11 | 5.2 | 9.7 | 8.7 |
| WSP Holdings§ | fin | 1.5† | June 6 | 1.3 | 2.4 | 2.1 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

# Hillsdown sells Needlers

Hillsdown Holdings, the food, furniture and property group, has sold its Needlers confectionery business to Nora Industrier of Norway. The price is understood to be around £8m-£9m, although the buyer will also take on some debt.

Hillsdown acquired the Grimsby-based sweets business in late-1985, via a £3.45m cash bid. Last year it sold another of its confectionery interests, Bluebird, and the Needlers disposal takes it out of this market entirely.

The business has been bought by a subsidiary of the Norwegian conglomerate, which already makes sweets in Scandanavia. This represents its entry into the UK market.

# Camford shares jump on property valuation

By David Owen

SHARES OF Camford Engineering, the motor components group under threat from a £63.8m bid from Markheath Securities, climbed sharply yesterday on publication of an independent property valuation and forecasts of substantial new dividends.

Camford predicted that it would pay annual property dividends amounting to 15p a share for at least the next three financial years. The first payment will be made in December 1990.

The shares climbed 14p to 321p, comfortably above the 305p level at which the Markheath offer is pitched. On Thursday, they had slipped briefly below the bid level, prior to the Camford board's decision to surrender £3.8m of payment entitlements.

The property valuation put the value of properties owned by the group at September 30, 1989 at £43.42m - a surplus of £31.46m over net book value. Including the surplus, Camford said, its pro forma net assets on the same date would be £66.74m, equivalent to 319p a share.

The company put the potential net proceeds of sale of surplus properties at £26.73m. Its profit forecast is due by early next week.

Separately, Markheath announced that as at the second close yesterday afternoon it had received acceptances in respect of 1.17 per cent of Camford's shares.

The UK investment vehicle of Australia's Adelaide Steamship additionally owns a 29.96 per cent stake.

The offer is extended until April 20.

# Arlen makes agreed £8m offer for Highland Elect

By Andrew Hill

ARLEN, the electrical accessories and light fittings group, is to merge with Highland Electronics Group, a distributor of electronic components.

Some 33 per cent of the shares in Highland have already been committed to Arlen's all-share offer, which is worth about £8.2m.

Both Arlen and Highland have reported downturns in interim profits within the last five months, but Mr Tom Forsyth, an Arlen director, said yesterday he believed both companies would perform better together than they had separately.

"Highland isn't subject to the same sort of cyclical downturns as we are," he added.

Arlen is dependent on housebuilding and consumer spending, whereas Highland supplies larger industrial and electronic companies.

The offer, announced after the close of the market, is 21 new Arlen shares for every 11 Highland shares, valuing each Highland share at about 93.5p, against the unchanged closing price of 68p yesterday.

Highland has declared a special interim dividend of 3.5p per share which will be paid to its shareholders if the offer is declared unconditional.

The 1p interim dividend declared in January has been revoked.

Arlen said it expected to recommend a dividend of 3.3p for the full-year to March 31, which would be maintained in 1990-91.

Arlen passed its interim dividend in November, when it announced profits had more than halved.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price | +or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §125 | F.P. | - | 128 | 116 | ABI Leisure 10p | 116 | -2 | R4.7 | 3.3 | 5.4 | 7.6 |
| §14 | F.P. | - | 17½ | 15 | ♦ADG Group 5p | 17 | | b0.5 | 3.7 | 3.9 | 5.7 |
| - | F.P. | - | 206 | 201½ | Argos 10p | 202 | | L5.5 | 3.0 | 3.6 | 9.9 |
| - | F.P. | - | 266 | 251 | Courtaulds Textiles | 258 | -1 | W11.6 | 2.4 | 6.0 | 8.9 |
| - | F.P. | - | 4¼ | ¼ | Courtwell Group Wrrnts. | ¼ | | - | - | - | - |
| §Ir48 | F.P. | 5/4 | 47 | 45 | ♦Dakota Group Ir25p | 45 | | uQ4.6% | 4.0 | 2.4 | 10.9 |
| ‡ | F.P. | - | 148 | 135 | F & C Germany Inv. Tst. | 136 | | - | - | - | - |
| - | F.P. | - | 64 | 58 | Do. Warrants | 58 | | - | - | - | - |
| §100 | F.P. | - | 99 | 88 | First Ireland Inv. 10p | 90 | -1 | - | - | - | - |
| - | F.P. | - | 32 | 26 | Do. Warrants | 29 | +1 | - | - | - | - |
| - | F.P. | - | 46 | 36 | First Philipne. Inv. Tst. | 36 | | - | - | - | - |
| - | F.P. | - | 22 | 12 | Do. Warrants | 12 | -3 | - | - | - | - |
| - | F.P. | - | 14 | 7 | Fisher (Albert) Wrrts. | 11 | +2 | - | - | - | - |
| 100 | F.P. | - | 94 | 92 | Henderson Highland Tst | 92 | | K5.25 | - | 7.6 | - |
| - | F.P. | - | 28 | 25 | Do. Warrants | 25 | | - | - | - | - |
| §100 | F.P. | - | £66 | £63 | Hungarian Investment 1c | £64 | | - | - | - | - |
| §130 | F.P. | - | 108 | 106 | QS Hldgs. 10p | 107 | -1 | L3.75 | 2.1 | 4.7 | 11.8 |
| §100 | F.P. | - | 98 | 95 | Siam Select. Growth Tst. | 98 | | - | - | - | - |
| - | F.P. | - | 33 | 30 | Do. Warrants | 33 | | - | - | - | - |
| $510.5 | F.P. | - | 641 | 575 | South East Asian Wrrts1c | 575 | -9 | - | - | - | - |
| §155 | F.P. | - | 158 | 151 | Torday & Carlisle 5p | 151 | | L6.25 | 2.1 | 5.5 | 8.2 |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100 | Nil | - | 1pm | ½pm | §Bluebird Toys 12pc Cv. Uns. Ln. 2005 | ½pm | -¼ |
| - | F.P. | - | 85p | 10p | Courtwell Group 10¾pc (Net) Cv.Cm.Pf | 10p | |
| 100p | 25p | - | 31ppm | 26ppm | Reckitt & Colman 9.5pc Cv Bds 2005 | 29ppm | |
| 150p | Nil | - | 12ppm | 7ppm | T & N Non-Int. Brg. Uns. Ln. | 7ppm | -2 |
| 130p | F.P. | - | 100p | 96p | Wyndham Group 9.375pc Cm.Pf | 100p | |
| - | F.P. | - | 55p | 40p | York Trust 8.5p (Net) Rd.Cv.Pf 20p | 40p | -5 |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 5 | Nil | 15/5 | 6pm | 2½pm | Alphameric 5p | 2½pm | -½ |
| 265 | Nil | - | 51pm | 45pm | Cairn Energy | 50pm | |
| 400 | Nil | 10/5 | 44pm | 41pm | ♦Castle Comms 5p | 42pm | -2 |
| 1 | Nil | 24/4 | 4pm | 2pm | ♦Crazon Lodge & Knight | 2pm | -2 |
| 290 | F.P. | 2/5 | 350 | 334 | Leigh Interests 5p | 349 | |
| 60 | Nil | 10/5 | 11pm | 5pm | Life Sciences Intl 10p | 10pm | |
| 200 | Nil | - | 23pm | 21pm | Pickwick | 23pm | |
| 285 | Nil | 11/5 | 77pm | 50pm | Simon Engineering | 73pm | +5 |
| 150 | Nil | 10/5 | 16pm | 11pm | Staveley Industries | 15pm | +½ |
| 25½ | Nil | 10/5 | 11pm | 3pm | Waterford Wedgwood Units | 3pm | -1 |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market.

## TRADITIONAL OPTIONS

| | |
|---|---|
| ● First Dealings | April 2 |
| ● Last Dealings | April 12 |
| ● Last Declarations | July 5 |
| ● For settlement | July 16 |

*For rate indications see end of London Share Service*

Calls in Atlantic Res., Aitken Hume, Babcock, Greenall Whitley, Kells Minerals, Mecca Leis., Monument Oil, Next, Premier Cons., Rea Bros., Rockware, Tuskar Res., Wyko and York Trust. Puts in Ferranti and Rea Bros.

## NEWS DIGEST

### Dawsongroup hit by higher interest costs

IN SPITE OF increased activity and revenue in virtually every sector of its business in 1989, Dawsongroup saw profitability and earnings decrease significantly.

From turnover ahead to £51.25m (£45.5m), this truck rental and dealer group almost held its operating profit which came through at £8.89m (£9.07m). But doubled interest costs of £6.19m took their toll, leaving the pre-tax profit diving from £6.05m to £2.7m, and early indications for the present year indicated another fall.

Earnings were halved to 7.2p and the final dividend is 1.6p for a total of 3.2p. In future, levels of dividend will be determined by reference to relevant circumstances at the time, Mr Peter Dawson, chairman, said.

The final dividend carries a scrip alternative and the chairman intends to take that in respect of around one half of his personal holding of 23.58m shares. He had waived his entitlement to the interim.

Rental profits fell from £4.19m to £1.22m. Short-term rental rose 32 per cent but by late spring difficult market conditions were apparent. Since then further expansion of the branch network had been deferred and efforts concentrated on fleet reduction. Contract hire performed well.

In commercial vehicles profit fell to £1.38m (£1.77m). The contribution from new Volvo sales was behind slightly because of the higher cost of stocking interest on vehicles in progress; used trucks suffered a downturn in demand, particularly in the last quarter.

It was also announced yesterday the group had won its appeal for its freehold property at Bletchley to be developed, and outline planning had been granted for a retail superstore and motor vehicle showroom, with ancillary facilities.

It had already made a conditional contract with a major food retailer for the sale of the greater part of the site for £6.6m, with a put option to dispose of the remainder for a further £1.83m.

### Delaney managing director resigns

Mr Ray Apted has stepped down as managing director of Delaney Group, the shopfitting and furniture company, and Mr Nathu Ram Puri has taken on executive responsibility as chairman.

Delaney has been riven by boardroom strife in the last year, and on Tuesday announced that pre-tax profits for 1989 had slumped from £1.86m to £286,000.

Mr Puri, whose private industrial company Melton Medes owns 29.8 per cent of Delaney, has been at the centre of the boardroom changes.

Last October he unexpectedly returned to the company as chairman, six months after he was ousted in a dispute over his role. Other directors had criticised his attempts to take a strong hand in the running of the group.

At the time Mr Puri said he hoped Mr Apted, who became managing director in September 1988, would stay with the company.

Mr Stuart Clarke, the company's finance director, will temporarily take on extra operational duties.

Delaney also announced that Archer & Drax, its loss-making furniture subsidiary based in Hull, had been closed.

### Elys (Wimbledon) higher at £867,000

Elys (Wimbledon), department store retailer, raised pre-tax profits by 8 per cent from £805,000 to £867,000 in the 53 weeks ended February 3 1990. Turnover was 5 per cent higher at £11.68m, against £11.11m in the previous 52 weeks.

After tax of £304,000 (£282,000) earnings per 25p share rose from 43.6p to 46.9p. The recommended final dividend was 13.5p for a total of 14.5p (13.5p).

### Breedon advances by 17% to £4.2m

A 17 per cent improvement in pre-tax profits, from £3.59m to £4.21m, was reported by Breedon, the limestone quarrying and housebuilding company, for the year to January 31 1990.

The result was achieved on turnover slightly down at £16.36m (£16.63m). The chairman said that prospects were encouraging with orders for both the final section of the A42 and the link junction into the M1.

An improvement in the housing market had also been experienced during the early months of 1990, he said.

Earnings worked through at 9.66p (8.53p) and a final dividend of 2.75p (2.5p) has been proposed for a 4.25p (3.75p) total.

The shares rose 10p to close at 110p.

### Difficult second half for William Jacks

The second half proved a difficult period for William Jacks, vehicle distribution and servicing group, and it fell into a loss of some £33,000.

That left the profit for full year ended January 31 1990 at £371,000, compared with £1.04m. The final dividend, however, is held at 1.1p for an unchanged total of 2p.

On prospects, the directors said the difficulties affecting the motor industry were anticipated to last at least until late in the year, and were occurring when Jacks was embarked on a major development programme.

The company had some exceptional sites and in the medium term would enjoy continuing growth from the quality of its facilities and franchises, they claimed.

In the second half there was a marked weakening of the car market and especially of used car values in the last quarter. Stocks were reduced and the company was rather less exposed than the general sector to any further decline in used car prices.

Turnover was lower – falling from £48.61m to £46.25m – consistent with the policy of concentrating on the higher value market sectors. Operating profit came to £1.17m (£1.6m) and interest payable increased to £802,000 (£557,000). Earnings per share were 2.09p (5.93p).

### Late property sale hits Audit & Gen

Without the benefit of an expected property sale first half profits of Audit & General, USM-quoted industrial, nursing home and property group, fell from £712,000 to £207,000.

But the sale did fall early into the second half producing an additional realised profit of £500,000, and that would have allowed a realistic comparison, said Mr Harvey Selby, the chairman.

Profits from the industrial division in the six months ended December 31 1989 surged to £392,000 (£8,000). Recent acquisitions have been integrated and the chairman said that business was currently at highly satisfactory levels and he was confident of maintaining budgeted targets.

Nursing homes made an operating profit, but high interest and development costs resulted in a loss of £34,000. It has been decided to sell the division rather than try to expand it.

Mr Selby said conditions in the property market had been well publicised, but he did not regard property trading as the mainstream activity. Additional disposals were being effected which would ensure that profits from that division should comfortably exceed last year.

Group turnover came to £5.79m (£3.76m). Earnings worked through at 0.41p (1.57p) and interim dividends are initiated with a payment of 0.8p.

### Property surplus boosts Bourne End

A £2.05m surplus from property sales more than offset a surge in interest charges at Bourne End Properties and enabled it to more than double pre-tax profits from £432,000 to £994,000 in 1989.

Net interest payments totalled £1.42m (£0.12m received). After tax of £240,000 (£136,000) earnings per share were 8.9p (3.5p), while a proposed final dividend of 2p makes a total of 3p (2.35p) for the year. There was also an extraordinary profit of £1.3m (£106,000 loss).

Net asset value per share trebled to 325p.

### Write-offs cut Betacom profits

As well as poor trading, Betacom had to face writing off certain stock lines to the tune of £500,000 in 1989, leading to an overall pre-tax profit of only £278,000, compared with £2.61m.

Below-the-line the situation was exacerbated by extraordinary provisions of £607,000, to leave a net attributable loss of £347,000 (£1.7m profit).

Trading for this telecommunications and consumer electronics group had remained difficult in the current year and there might be a loss for the first half, warned Mr Dennis Baylin, the chairman.

But with the advent of new products, increased exports and aggressive marketing "we expect to be profitable in the second half and to improve substantially our results in 1991", he said.

Final dividend for 1989 is a nominal 0.1p to make a total of 1.1p at a cost of £343,000. The directors believed it would not be in the long-term interest of shareholders to pay the 1.6p final forecast with the flotation in December 1988.

The group saw its turnover fall from £17.85m to £16.47m. The economic climate and slowdown in the high street had a direct negative effect on turnover and margins, said Mr Baylin.

### Waterford US chief executive leaves

Waterford Wedgwood, the troubled crystal glassware and bone china group, yesterday announced the resignation of the chief executive officer running its American operations, Mr Jim Colleran.

The company's profit margins have been put under pressure in the US after discounting by the big department stores, many of which are currently up for sale. There have also been difficulties in integrating warehousing operations after Waterford's purchase of Wedgwood for I£270m (£252m) in 1986.

The company said Mr Redmond O'Donoghue, its director of overseas sales and marketing, would take responsibility for the US until a new appointment was made.

Mr Colleran joined the company in 1983 after long experience of crystal and china retailing with Marshall Field in the US.

Last month Mr Tony O'Reilly, the Irish-American businessman and chief executive of the Heinz group, in partnership with Morgan Stanley, the US investment bank, took a 29.9 per cent stake in the company, promising to put it on "a sound economic basis". Since the 1986 takeover, Wedgwood's profits growth has been swallowed up by losses in the Waterford crystal division.

More than 2,000 workers employed in the group's crystal division in Ireland are currently on strike over a management decision to withdraw certain bonus payments received by a section of the workforce.

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# ECONOMIC DIARY

**TODAY:** Mr Francis Maude, Foreign Office Minister, visits Hong Kong (until April 11). Group of Seven Finance Ministers hold meeting in Paris: discussions will include market upheavals in Japan, latest political changes in Europe, and currency/economic policy co-ordination.

**TOMORROW:** Mr John MacGregor, Education Secretary, speaks at Secondary Heads Association conference, Manchester.

**MONDAY:** Producer price index numbers (March-provisional). European Community Ministers meet Central American and Latin American Group of Eight Foreign Ministers (until April 10). Foreign Ministers from Czechoslovakia, Poland, Hungary, Austria and Yugoslavia regional summit meeting in Bratislava. Group of Ten central bank governors monthly meeting in Basle. World drugs seminar, London (until April 11). Western Union Money Transfer launches Cash in the UK report. Low Pay Unit launches "Overworked, underpaid, no prospects" report on local government white collar workers.

**TUESDAY:** Capital issues and redemptions (March). Mr George Bush, US President, visits Toronto for informal talks with Mr Brian Mulroney, Canadian Prime Minister. Parents Against Tobacco call for legislation.

**WEDNESDAY:** Quarterly analysis of bank advances. US capital spending (fourth quarter). Mr Charles Haughey, Irish Premier, visits Belfast.

**THURSDAY:** Labour market statistics: unemployment and vacancies (March-provisional); average earnings indices (February-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Retail prices index and tax and price index (March). East European and Latin American Rio Group Foreign Ministers meet in Budapest.

**FRIDAY:** Usable steel production (March). US business inventories (February). US producer price indices for March. President Bush meets Mrs Margaret Thatcher, Prime Minister, in Hamilton, Bermuda.

# LONDON TRADED OPTIONS

DEALING ON the options market was slightly busier yesterday as trading in FT-SE 100 Index options and futures helped lift the overall level of activity. Total options market turnover increased to 29,232 lots from 28,473 in the previous session, with trading in calls predominating. The Footsie option traded 8,327, up from the 3,188 contracts on Thursday.

Despite the greater amount of business transacted, dealers said the day had seen long stretches when orders were not coming to the market.

The morning started with a flourish as brokers bought calls as the futures market quickly moved to a 35 point premium over the underlying index. But this lead soon evaporated as sellers appeared and the retreat in the futures market pushed the cash market lower.

During the afternoon, a decline on Wall Street further undermined sentiment and the futures market ended the day at a 21 point premium. The June footsie contract ended at 2,242, 29 lower on the day, with dealers commenting that the close below 2,245 was a bearish sign.

In the footsie option pitch, the larger trades included the purchase by one broker of 1,000 May 2,200 puts and the same amount of May 2,300 calls. The other big trade was by James Capel, which bought 700 of the March 2,225 footsie call options.

On the share option market, British Gas proved the most popular, as the underlying equities slipped as a broker downgraded its profit forecasts. At the close, British Gas stood at 2,584 lots, of which 1,258 were calls and 1,326 were puts. The June 220 puts were the most active series, trading 576 lots.

The downgrading and subsequent weakening in British Gas shares prompted selling of calls and buying of puts. The larger transactions of the day included one broker that sold 250 of the June 220 calls, and bought 250 June 200 puts and 250 June 220 puts. Later on, another broker bought 500 June 200 calls.

| Option | | CALLS Apr | Jul | Oct | PUTS Apr | Jul | Oct |
|---|---|---|---|---|---|---|---|
| Allied Lyons | 420 | 19 | 30 | 46 | 6 | 18 | 21 |
| (*430) | 460 | 2½ | 12½ | 26 | 32 | 40 | 44 |
| | 500 | ¼ | 5½ | 15 | 71 | 78 | 78 |
| ASDA | 100 | 6 | 13 | 14 | 2 | 4½ | 7 |
| (*104) | 110 | 1½ | 7½ | 9½ | 7½ | 10 | 11½ |
| | 120 | 1 | 4½ | 6½ | 7 | 18 | 19 |
| Brit. Airways | 180 | 22 | 25 | 30 | 1 | 5 | 6 |
| (*200) | 200 | 5½ | 12 | 21 | 4½ | 13 | 15 |
| | 220 | 1 | 5½ | 11 | 21 | 26 | 27 |
| Brit Com | 50 | 10 | 15 | 18 | 1½ | 2½ | 5 |
| (*58) | 60 | 4 | 10 | 12 | 5 | 8 | 12 |
| SmKl Beecham A | 460 | 40 | 55 | 69 | 2 | 9 | 12 |
| (*495) | 500 | 11 | 30 | 45 | 13 | 22 | 26 |
| | 550 | 1 | 12 | 24 | 53 | 55 | 57 |
| Boots | 240 | 18 | 25 | 32 | 1 | 6 | 8 |
| (*254) | 260 | 4 | 13 | 21 | 8 | 16½ | 17 |
| | 280 | 1½ | 5½ | 13 | 25 | 29 | 30 |
| B.P. | 300 | 20 | 30 | 37 | 1½ | 6 | 8 |
| (*317) | 330 | 2½ | 13 | 20 | 12 | 19 | 20 |
| | 360 | ½ | 4 | 9½ | 39 | 39 | 41 |
| British Steel | 140 | – | 9½ | 11 | – | 6 | 8 |
| (*142) | 145 | 2½ | – | – | 4 | – | – |
| Bass | 900 | 52 | 85 | 120 | 3½ | 17 | 23 |
| (*938) | 950 | 17 | 52 | 87 | 20 | 37 | 45 |
| C & Wire | 500 | 17 | 37 | 57 | 13 | 26 | 32 |
| (*501) | 550 | 3 | 16 | 33 | 49 | 57 | 59 |
| Courtaulds | 297 | 25 | 32 | 42 | 1 | 8 | 11 |
| (*320) | 327 | 6 | 15 | 24 | 11 | 23 | 26 |
| | 357 | 1 | 6 | – | 39 | 45 | – |
| Com. Union | 420 | 41 | 62 | 68 | 2 | 6 | 11 |
| (*459) | 460 | 10 | 34 | 44 | 11 | 17 | 24 |
| | 500 | 1 | 15 | 25 | 41 | 42 | 45 |
| GKN | 390 | 28 | 48 | 58 | 7 | 11 | 18 |
| (*410) | 420 | 7 | 27 | 40 | 18 | 25 | 33 |
| Grand Met. | 550 | 41 | 68 | 83 | 3 | 12 | 17 |
| (*584) | 600 | 9 | 37 | 53 | 21 | 30 | 36 |
| I.C.I. | 1050 | 54 | 97 | 119 | 7 | 21 | 31 |
| (*1084) | 1100 | 20 | 67 | 89 | 25 | 40 | 52 |
| | 1150 | 7 | 42 | 63 | 60 | 70 | 77 |
| Kingfisher | 280 | 13 | 20 | 28 | 5 | 15 | 18 |
| (*286) | 300 | 3½ | 8 | 18 | 17 | 27 | 30 |
| | 330 | 1 | 3½ | – | 44 | 48 | – |
| Ladbroke | 280 | 13 | 23 | 34 | 3½ | 11 | 14 |
| (*287) | 300 | 4½ | 14 | 23 | 14 | 20 | 23 |
| Land Secur | 460 | 42 | 52 | 67 | 2 | 9 | 11 |
| (*497) | 500 | 10½ | 26 | 43 | 11 | 22 | 28 |
| M & S | 180 | 21 | 24 | 33 | 1 | 3 | 5 |
| (*199) | 200 | 3½ | 11 | 17 | 6 | 11 | 12 |
| STC | 260 | 15 | 29 | 39 | 7 | 13 | 20 |
| (*267) | 280 | 7 | 20 | 29 | 18 | 23 | 28 |
| Sainsbury | 240 | 13 | 21 | 28 | 2½ | 6 | 7 |
| (*249) | 260 | 3 | 9 | 16 | 12 | 15 | 15 |
| Shell Trans. | 420 | 37 | 55 | 65 | 2 | 9 | 12 |
| (*447) | 460 | 6 | 23 | 38 | 15 | 20 | 24 |
| Storehouse | 110 | 9 | 14 | 17 | 2 | 5½ | 7½ |
| (*115) | 120 | 2½ | 8 | 12 | 6½ | 11 | 13 |
| Trafalgar | 300 | 23 | 30 | 45 | 2½ | 10 | 12 |
| (*317) | 330 | 6 | 16 | 28 | 18 | 25 | 29 |
| Utd. Biscuits | 300 | 27 | 41 | 55 | 2 | 6 | 8 |
| (*324) | 330 | 5 | 21 | 32 | 11 | 17 | 19 |
| Unilever | 650 | 13 | 38½ | 61¼ | 12 | 19½ | 24½ |
| (*663) | 700 | 2 | 16 | 35½ | 57 | 55½ | 56½ |
| Ultramar | 360 | 16 | 35 | 45 | 5 | 13 | 18 |
| (*367) | 390 | 6 | 18 | 30 | 25 | 30 | 33 |

| Option | | CALLS May | Aug | Nov | PUTS May | Aug | Nov |
|---|---|---|---|---|---|---|---|
| Brit Aero | 500 | 40 | 66 | 75 | 11 | 18 | 25 |
| (*519) | 550 | 14 | 35 | 50 | 35 | 42 | 48 |
| BAA | 360 | 37 | 47 | 60 | 4 | 10 | 12 |
| (*366) | 390 | 15 | 28 | 40 | 13 | 20 | 24 |
| BAT Inds | 700 | 55 | 85 | 110 | 9 | 16 | 22 |
| (*741) | 750 | 22 | 52 | 75 | 27 | 34 | 40 |
| BTR | 390 | 36 | 52 | 58 | 3 | 7 | 11 |
| (*414) | 420 | 15 | 31 | 39 | 14 | 19 | 23 |
| Brit. Telecom | 260 | 14 | 22 | 28 | 4½ | 10½ | 11½ |
| (*264) | 280 | 5 | 11 | 17 | 17 | 22 | 23 |
| Cadbury Sch | 300 | 34 | 47 | 55 | 3½ | 7 | 10 |
| (*324) | 330 | 14 | 28 | 36 | 14 | 18 | 21 |
| Guinness | 650 | 31 | 58 | 78 | 15 | 24 | 30 |
| (*669) | 700 | 8 | 32 | 48 | 47 | 52 | 55 |
| GEC | 180 | 20 | 25 | 28 | 2 | 5 | 6½ |
| (*194) | 200 | 7 | 12 | 17 | 9 | 13 | 15 |
| Hanson | 220 | 18½ | 24 | 32 | 2 | 5½ | 7 |
| (*233) | 240 | 6½ | 12½ | 18½ | 10 | 14 | 15 |
| LASMO | 600 | 29 | 57 | 75 | 22 | 28 | 33 |
| (*601) | 650 | 11 | 32 | 50 | 47 | 52 | 55 |
| P. & O. | 550 | 33½ | 55½ | 66 | 8½ | 14½ | 20 |
| (*586) | 600 | 8½ | 26½ | 37½ | 38½ | 41½ | 45 |
| Pilkington | 200 | 16 | 20 | 26 | 3½ | 8½ | 10 |
| (*206) | 220 | 4½ | 9½ | 15 | 15 | 20 | 22 |
| Polly Peck | 360 | 29½ | 42 | 57 | 9½ | 17 | 20½ |
| (*378) | 390 | 12¼ | 26 | 40½ | 23 | 32½ | 36 |
| Prudential | 200 | 8 | 15 | 19 | 9 | 12 | 14 |
| (*205) | 220 | 1½ | 7 | 10 | 25 | 25 | 28 |
| Racal | 180 | 19 | 25 | 33 | 4 | 7½ | 10 |
| (*192) | 200 | 7½ | 15 | 22 | 13½ | 17 | 19 |
| R.T.Z. | 500 | 57 | 75 | 90 | 4 | 9 | 14 |
| (*543) | 550 | 21 | 43 | 58 | 21 | 26 | 32 |
| Scot. & New | 280 | 19 | 30 | 38 | 6 | 12 | 16 |
| (*289) | 300 | 10 | 18 | 27 | 20 | 24 | 28 |
| Tesco | 180 | 20¼ | 25½ | 30¼ | 1¼ | 3¼ | 4¼ |
| (*197) | 200 | 5¼ | 12½ | 17½ | 9 | 10¼ | 12½ |
| Thames Water | 130 | 14 | – | – | 2½ | – | – |
| (*138) | 140 | 6½ | 12 | 14 | 6 | 10 | 13 |
| Water Hldg Ptg | 1400 | 90 | – | – | 25 | – | – |
| (*£1440) | 1450 | 60 | – | – | 50 | – | – |

| Option | | May | Jul | | May | Jul | |
|---|---|---|---|---|---|---|---|
| Ferranti | 40 | 6 | 8 | – | 1½ | 2½ | – |
| (*44) | 45 | 3½ | 5½ | – | 4 | 5 | – |

| Option | | Apr | Jun | Aug | Apr | Jun | Aug |
|---|---|---|---|---|---|---|---|
| Reuters | 1100 | 48½ | 88½ | 115 | 14½ | 35½ | 47 |
| (*1128) | 1150 | 21 | 60¼ | 87¼ | 38½ | 59¼ | 70¼ |

| Option | | Jun | Sep | Dec | Jun | Sep | Dec |
|---|---|---|---|---|---|---|---|
| Abbey Nat. | 180 | 22 | 27 | 32 | 3 | 6 | 7 |
| (*194) | 200 | 8 | 15 | 21 | 10 | 15 | 16 |

| Option | | CALLS Jun | Sep | Dec | PUTS Jun | Sep | Dec |
|---|---|---|---|---|---|---|---|
| Amstrad | 60 | 13½ | 16 | 18½ | 2 | 4 | 5 |
| (*70) | 70 | 6½ | 10½ | 13½ | 5½ | 9 | 10 |
| Barclays | 550 | 47 | 62 | 77 | 10 | 15 | 15 |
| (*572) | 600 | 16 | 30 | 45 | 30 | 36 | 36 |
| Blue Circle | 200 | 17 | 25 | 30 | 6½ | 9 | 11 |
| (*212) | 220 | 6½ | 13 | 18 | 19 | 20 | 22 |
| British Gas | 200 | 14 | 17 | 22 | 4½ | 8 | 10 |
| (*205) | 220 | 4½ | 8 | 13 | 15 | 20 | 21 |
| Dixons | 110 | 14 | 18 | 22 | 4 | 7 | 9 |
| (*118) | 120 | 8½ | 12 | 16 | 8 | 13 | 15 |
| Glaxo | 775 | 49 | – | – | 24 | – | – |
| (*785) | 800 | 35 | 67 | 80 | 38 | 43 | 49 |
| Hawker Sidd. | 600 | 43 | 68 | 82 | 28 | 45 | 47 |
| (*608) | 650 | 17 | 45 | 60 | 60 | 77 | 85 |
| Hillsdown | 220 | 17 | 27 | 32 | 6½ | 8 | 10 |
| (*230) | 240 | 7 | 15 | 21 | 17 | 19 | 21 |
| Lonrho | 260 | 21 | 27 | 38 | 9 | 14 | 17 |
| (*263) | 280 | 10 | 17 | 27 | 21 | 24 | 26 |
| Midland Bk | 330 | 26 | 36 | 46 | 10 | 15 | 20 |
| (*339) | 360 | 13 | 21 | 29 | 28 | 33 | 35 |
| R. Royce | 180 | 14 | 20 | 25 | 6 | 8½ | 10 |
| (*183) | 200 | 4½ | 10½ | 14½ | 18 | 19 | 23 |
| Sears | 90 | 8½ | 11 | 13½ | 4½ | 5½ | 6½ |
| (*94) | 100 | 3 | 6½ | 8 | 10½ | 12½ | 13 |
| THF | 260 | 11 | 23 | 29 | 13 | 15 | 18 |
| (*261) | 280 | 5 | 14 | 18 | 28 | 29 | 31 |
| Thorn EMI | 650 | 44 | 53 | 72 | 18 | 30 | 33 |
| (*657) | 700 | 22 | 30 | 45 | 40 | 57 | 57 |
| TSB | 130 | 13 | 15 | 19 | 3 | 5 | 7 |
| (*135) | 140 | 5½ | 9 | 14 | 9 | 11 | 12 |
| Vaal Reefs | 90 | 10 | 14 | 16 | 6 | 9 | 10 |
| (*592) | 100 | 6 | 10 | 12 | 12 | 15 | 17 |
| Wellcome | 700 | 55 | 85 | 110 | 27 | 39 | 47 |
| (*711) | 750 | 32 | 60 | 80 | 55 | 62 | 70 |

EURO FT-SE INDEX (*2221)

| | 2125 | 2175 | 2225 | 2275 | 2325 | 2375 | 2425 | 2475 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Jun | 150 | 117 | 88 | 61 | 43 | 29 | 19 | 11 |
| Sep | 198 | – | 137 | – | 88 | – | 55 | – |
| Dec | 243 | – | 180 | – | 130 | – | 92 | – |
| Mar | 285 | – | 220 | – | 170 | – | 125 | – |
| PUTS | | | | | | | | |
| Jun | 39 | 54 | 73 | 95 | 125 | 159 | 198 | 240 |
| Sep | 53 | – | 86 | – | 130 | – | 188 | – |
| Dec | 66 | – | 94 | – | 137 | – | 186 | – |
| Mar | 80 | – | 94 | – | 137 | – | 186 | – |

FT-SE INDEX (*2221)

| | 2150 | 2200 | 2250 | 2300 | 2350 | 2400 | 2450 | 2500 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Apr | 92 | 51 | 27 | 13 | 5 | 2 | 1 | ½ |
| May | 112 | 77 | 49 | 32 | 19 | 11 | 6 | 3 |
| Jun | 132 | 97 | 71 | 51 | 35 | 23 | 16 | 11 |
| Jul | 155 | 122 | 95 | 73 | 53 | 38 | 26 | 18 |
| Dec † | – | 195 | – | 137 | – | 93 | – | 61 |
| PUTS | | | | | | | | |
| Apr | 15 | 30 | 55 | 95 | 136 | 186 | 236 | 286 |
| May | 30 | 48 | 72 | 106 | 142 | 190 | 238 | 288 |
| Jun | 42 | 59 | 84 | 115 | 147 | 191 | 239 | 289 |
| Jul | 52 | 70 | 93 | 125 | 158 | 197 | 242 | 290 |
| Dec † | – | 88 | – | 137 | – | 210 | – | 290 |

April 6 Total Contracts 26,356
Calls 15,336 Puts 11,020
FT-SE Index Calls 2936 Puts 5991
Euro FT-SE Calls 757 Puts 280
*Underlying security price. † Long dated expiry months

# FT-ACTUARIES SHARE INDICES



**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| | | Friday April 6 1990: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1990 to date | Thu Apr 5 Index No. | Wed Apr 4 Index No. | Tue Apr 3 Index No. | Year ago (approx) Index No. | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (201) | 845.45 | -0.5 | 13.79 | 5.31 | 8.83 | 9.07 | 850.00 | 844.49 | 848.93 | 926.87 | 960.80 4/1 | 839.15 6/3 | 1038.07 16/7/87 | 50.71 13/12/74 |
| 2 | Building Materials (27) | 1036.49 | +0.1 | 15.31 | 5.59 | 8.13 | 3.29 | 1035.49 | 1024.01 | 1031.60 | 1186.59 | 1188.21 3/1 | 1018.06 23/2 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (37) | 1381.93 | -0.3 | 17.73 | 5.83 | 7.37 | 13.63 | 1386.45 | 1382.92 | 1391.29 | 1701.05 | 1621.44 4/1 | 1381.12 2/4 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 | Electricals (10) | 2454.43 | -0.4 | 11.91 | 5.45 | 10.38 | 1.41 | 2464.67 | 2453.79 | 2446.32 | 2716.49 | 2751.15 4/1 | 2317.73 6/3 | 3040.80 8/9/89 | 84.71 25/6/62 |
| 5 | Electronics (29) | 1766.74 | -0.9 | 10.25 | 4.20 | 12.65 | 16.80 | 1782.49 | 1765.25 | 1793.11 | 2061.53 | 2044.72 9/1 | 1765.25 4/4 | 2308.22 19/5/89 | 1229.01 8/10/85 |
| 6 | Engineering-Aerospace (8) | 431.58 | -0.7 | 15.50 | 5.35 | 7.94 | 7.69 | 434.84 | 430.49 | 429.16 | 0.00 | 495.50 4/1 | 409.55 6/3 | 495.50 4/1/90 | 409.55 6/3/90 |
| 7 | Engineering-General (43) | 465.81 | -0.3 | 12.16 | 5.35 | 9.90 | 5.16 | 467.01 | 467.01 | 466.11 | 0.00 | 502.82 4/1 | 453.02 23/2 | 502.82 4/1/90 | 453.02 23/2/90 |
| 8 | Metals and Metal Forming (6) | 479.14 | -0.9 | 24.56 | 6.50 | 4.59 | 0.53 | 483.51 | 475.45 | 477.42 | 533.29 | 515.57 4/1 | 459.47 21/2 | 596.67 9/10/87 | 49.65 6/1/75 |
| 9 | Motors (16) | 348.78 | +0.1 | 15.20 | 6.46 | 7.72 | 5.74 | 348.43 | 346.57 | 347.44 | 304.73 | 403.90 4/1 | 345.52 2/4 | 411.42 13/10/87 | 19.91 6/1/75 |
| 10 | Other Industrial Materials (25) | 1546.36 | -1.0 | 11.59 | 5.14 | 10.05 | 27.90 | 1561.25 | 1557.50 | 1563.11 | 1525.95 | 1774.64 3/1 | 1518.60 23/2 | 1881.53 18/8/89 | 277.55 15/1/81 |
| 21 | CONSUMER GROUP (176) | 1210.25 | -0.7 | 9.83 | 4.06 | 12.70 | 6.08 | 1219.00 | 1215.12 | 1218.86 | 1157.27 | 1357.03 3/1 | 1193.72 6/3 | 1417.92 4/9/89 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (21) | 1410.91 | -0.5 | 10.28 | 3.91 | 12.01 | 6.57 | 1418.63 | 1416.40 | 1423.47 | 1264.48 | 1573.41 9/1 | 1369.31 6/3 | 1583.71 5/9/89 | 69.47 13/12/74 |
| 25 | Food Manufacturing (20) | 1058.46 | -0.1 | 10.49 | 4.44 | 11.86 | 8.09 | 1059.57 | 1051.50 | 1058.57 | 1005.92 | 1184.41 3/1 | 1033.34 6/3 | 1220.42 4/9/89 | 59.67 11/12/74 |
| 26 | Food Retailing (16) | 2221.20 | -0.5 | 9.34 | 3.45 | 13.88 | 7.38 | 2232.91 | 2208.53 | 2220.99 | 1998.44 | 2346.16 4/1 | 2208.53 4/4 | 2722.30 5/9/89 | 54.25 11/12/74 |
| 27 | Health and Household (13) | 2522.92 | -1.2 | 7.16 | 2.75 | 16.67 | 14.72 | 2554.42 | 2553.91 | 2542.92 | 2192.62 | 2795.49 4/1 | 2365.35 6/3 | 2795.49 4/1/90 | 175.38 28/5/80 |
| 29 | Leisure (31) | 1361.84 | -0.9 | 10.52 | 4.51 | 11.73 | 6.96 | 1374.22 | 1370.34 | 1391.71 | 1586.78 | 1717.22 9/1 | 1361.84 6/4 | 1845.77 8/9/89 | 54.83 9/1/75 |
| 31 | Packaging & Paper (13) | 573.65 | -0.1 | 12.62 | 5.61 | 9.84 | 2.66 | 574.05 | 574.95 | 573.86 | 568.41 | 599.22 11/1 | 549.84 6/3 | 739.48 16/7/87 | 43.46 6/1/75 |
| 32 | Publishing & Printing (16) | 3252.89 | ..... | 10.40 | 5.48 | 12.18 | 23.01 | 3252.85 | 3260.43 | 3258.46 | 3591.77 | 3853.61 4/1 | 3180.78 21/3 | 5070.66 5/10/87 | 55.08 6/1/75 |
| 34 | Stores (34) | 738.89 | -1.1 | 11.90 | 5.08 | 10.90 | 1.82 | 747.47 | 744.77 | 745.80 | 747.00 | 844.66 3/1 | 738.89 6/4 | 1160.58 29/7/87 | 52.63 6/1/75 |
| 35 | Textiles (12) | 489.95 | -0.4 | 13.64 | 7.24 | 9.23 | 0.59 | 491.75 | 493.98 | 493.03 | 506.18 | 554.37 4/1 | 487.42 7/3 | 914.52 2/10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (105) | 1122.48 | -1.0 | 11.19 | 5.10 | 10.70 | 7.00 | 1133.58 | 1131.54 | 1137.03 | 1054.61 | 1233.52 3/1 | 1122.48 6/4 | 1233.52 3/1/90 | 58.63 6/1/75 |
| 41 | Agencies (17) | 1597.22 | -1.5 | 5.67 | 2.42 | 21.72 | 12.19 | 1622.10 | 1628.96 | 1611.33 | 1252.04 | 1628.96 4/4 | 1515.81 24/1 | 1795.57 17/7/87 | 870.35 4/12/87 |
| 42 | Chemicals (23) | 1186.34 | -1.0 | 12.34 | 5.55 | 9.44 | 22.72 | 1197.94 | 1197.84 | 1207.98 | 1198.13 | 1295.87 5/1 | 1154.57 21/2 | 1545.46 5/10/87 | 71.20 1/12/74 |
| 43 | Conglomerates (14) | 1594.90 | -0.9 | 10.15 | 6.13 | 11.68 | 5.78 | 1608.74 | 1595.02 | 1595.43 | 1481.59 | 1710.25 3/1 | 1553.17 1/3 | 1819.46 11/8/89 | 975.19 10/11/87 |
| 44 | Transport (13) | 2181.49 | -1.1 | 11.14 | 4.56 | 11.40 | 6.69 | 2206.12 | 2198.10 | 2221.87 | 2347.10 | 2458.00 4/1 | 2181.49 6/4 | 2554.69 12/7/89 | 90.80 29/6/62 |
| 46 | Telephone Networks (2) | 1093.70 | -1.3 | 11.61 | 4.69 | 11.20 | 0.00 | 1108.60 | 1106.21 | 1124.05 | 1110.65 | 1290.72 3/1 | 1093.70 6/4 | 1290.72 3/1/90 | 517.92 30/11/84 |
| 47 | Water (10) | 1887.74 | -1.3 | 18.46 | 7.17 | 6.00 | 0.00 | 1913.08 | 1928.23 | 1932.64 | 0.00 | 2079.08 16/2 | 1887.74 6/4 | 2079.08 16/2/90 | 1887.74 6/4/90 |
| 48 | Miscellaneous (26) | 1803.66 | -0.2 | 10.56 | 4.77 | 10.69 | 18.00 | 1806.77 | 1805.47 | 1800.00 | 1453.54 | 1981.35 3/1 | 1786.22 2/4 | 2087.06 11/7/89 | 60.39 6/7/75 |
| 49 | INDUSTRIAL GROUP (482) | 1105.07 | -0.8 | 11.24 | 4.70 | 10.88 | 7.53 | 1113.49 | 1109.53 | 1114.17 | 1089.72 | 1234.94 3/1 | 1100.78 6/3 | 1273.71 5/9/89 | 59.01 13/12/74 |
| 51 | Oil & Gas (18) | 2247.26 | -0.6 | 11.10 | 5.37 | 11.89 | 35.47 | 2261.49 | 2263.82 | 2278.35 | 1942.89 | 2475.71 2/1 | 2247.26 6/4 | 2475.71 2/1/90 | 87.23 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 1200.35 | -0.7 | 11.22 | 4.79 | 11.01 | 9.71 | 1209.28 | 1205.77 | 1211.19 | 1162.26 | 1338.65 3/1 | 1200.35 6/4 | 1369.88 16/7/87 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (111) | 803.82 | -0.6 | – | 5.63 | – | 12.54 | 808.63 | 806.24 | 804.62 | 733.58 | 869.67 3/1 | 780.38 19/3 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (9) | 869.10 | -1.2 | 19.24 | 6.15 | 6.77 | 24.14 | 879.44 | 878.36 | 879.99 | 722.01 | 918.30 2/2 | 847.55 19/3 | 918.30 2/2/90 | 62.44 12/12/74 |
| 65 | Insurance (Life) (7) | 1306.21 | -0.3 | – | 5.60 | – | 11.81 | 1310.32 | 1303.43 | 1298.81 | 1061.57 | 1484.67 3/1 | 1263.62 6/3 | 1484.67 3/1/90 | 44.88 2/1/75 |
| 66 | Insurance (Composite) (7) | 656.48 | -1.3 | – | 6.30 | – | 7.72 | 664.98 | 656.53 | 648.65 | 592.49 | 768.11 0/0 | 638.14 19/3 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (7) | 1031.71 | +0.2 | 7.95 | 6.31 | 16.71 | 16.73 | 1029.79 | 1030.90 | 1034.80 | 943.18 | 1194.74 4/1 | 1016.19 22/3 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 | Merchant Banks (7) | 457.65 | -0.3 | – | 4.17 | – | 4.27 | 458.87 | 461.59 | 455.32 | 331.63 | 502.02 8/2 | 452.38 2/4 | 547.59 12/10/87 | 31.21 7/1/75 |
| 69 | Property (49) | 1144.54 | +0.8 | 7.94 | 3.84 | 15.97 | 1.88 | 1135.47 | 1135.20 | 1135.42 | 1294.29 | 1242.53 4/1 | 1063.94 21/3 | 1398.87 5/9/89 | 56.01 20/4/65 |
| 70 | Other Financial (25) | 316.54 | -0.6 | 14.59 | 7.04 | 8.94 | 2.89 | 318.34 | 318.48 | 318.59 | 365.47 | 350.59 4/1 | 309.86 7/3 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 | Investment Trusts (67) | 1133.00 | -0.4 | – | 3.34 | – | 8.65 | 1137.60 | 1137.37 | 1138.74 | 1083.57 | 1323.81 4/1 | 1130.56 2/4 | 1323.81 4/1/90 | 71.12 13/12/74 |
| 91 | Overseas Traders (5) | 1351.61 | -0.6 | 9.78 | 6.75 | 12.34 | 31.27 | 1360.01 | 1358.70 | 1366.65 | 1378.27 | 1614.04 3/1 | 1341.81 6/3 | 1614.04 3/1/90 | 97.37 6/1/75 |
| 99 | ALL-SHARE INDEX (683) | 1103.10 | -0.7 | – | 4.89 | – | 10.30 | 1110.93 | 1107.80 | 1111.57 | 1058.56 | 1226.83 3/1 | 1102.28 6/3 | 1238.57 16/7/87 | 61.92 13/12/74 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Apr 5 | Apr 4 | Apr 3 | Apr 2 | Mar 30 | Year ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX‡ | 2221.1 | -18.4 | 2243.2 | 2221.0 | 2239.5 | 2231.6 | 2240.7 | 2221.6 | 2247.9 | 2045.7 | 2463.7 3/1 | 1782.8 3/1 | 2463.7 3/1/90 | 986.9 23/7/84 |

## FIXED INTEREST

| | PRICE INDICES | Fri Apr 6 | Day's change % | Thu Apr 5 | xd adj. today | xd adj. 1990 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years | 113.37 | -0.05 | 113.45 | 0.02 | 3.69 |
| 2 | 5-15 years | 119.31 | -0.27 | 119.63 | – | 3.00 |
| 3 | Over 15 years | 121.84 | -0.32 | 122.23 | – | 4.16 |
| 4 | Irredeemables | 141.37 | -0.18 | 141.62 | – | 1.51 |
| 5 | All stocks | 119.23 | -0.20 | 119.47 | 0.01 | 3.43 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years | 141.74 | +0.24 | 141.40 | – | 0.94 |
| 7 | Over 5 years | 133.72 | +0.10 | 133.58 | – | 1.05 |
| 8 | All stocks | 134.21 | +0.11 | 134.06 | – | 1.04 |
| 9 | Debentures & Loans | 94.84 | -0.95 | 95.75 | – | 3.02 |
| 10 | Preference | 74.70 | -0.38 | 74.99 | – | 1.92 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Apr 6 | Thu Apr 5 | Year ago (approx.) | 1990 High | 1990 Low |
|---|---|---|---|---|---|---|---|
| | British Government | | | | | | |
| 1 | Low | 5 years | 11.62 | 11.60 | 9.69 | 11.81 21/3 | 10.16 2/1 |
| 2 | Coupons | 15 years | 11.12 | 11.07 | 9.30 | 11.49 21/3 | 9.58 2/1 |
| 3 | | 25 years | 11.01 | 10.97 | 9.16 | 11.37 21/3 | 9.52 2/1 |
| 4 | Medium | 5 years | 12.71 | 12.63 | 10.74 | 13.16 21/3 | 11.03 2/1 |
| 5 | Coupons | 15 years | 11.60 | 11.54 | 9.74 | 11.96 21/3 | 9.97 2/1 |
| 6 | | 25 years | 11.18 | 11.13 | 9.34 | 11.50 21/3 | 9.65 2/1 |
| 7 | High | 5 years | 12.83 | 12.76 | 10.86 | 13.27 21/3 | 11.17 2/1 |
| 8 | Coupons | 15 years | 11.90 | 11.85 | 9.97 | 12.25 21/3 | 10.17 2/1 |
| 9 | | 25 years | 11.43 | 11.39 | 9.51 | 11.75 21/3 | 9.78 2/1 |
| 10 | Irredeemables | † | 11.05 | 11.02 | 9.20 | 11.35 22/3 | 9.66 4/1 |
| | Index-Linked | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs | 4.47 | 4.54 | 3.69 | 4.75 21/3 | 3.83 5/1 |
| 12 | Inflation rate 5% | Over 5 yrs | 4.09 | 4.09 | 3.60 | 4.18 21/3 | 3.60 4/1 |
| 13 | Inflation rate 10% | Up to 5 yrs | 3.52 | 3.57 | 2.81 | 3.87 21/3 | 2.95 2/1 |
| 14 | Inflation rate 10% | Over 5 yrs | 3.92 | 3.92 | 3.43 | 4.02 21/3 | 3.43 4/1 |
| 15 | Debs & | 5 years | 15.56 | 15.65 | 12.14 | 15.98 21/3 | 13.01 15/1 |
| 16 | Loans | 15 years | 14.39 | 14.20 | 11.63 | 14.46 21/3 | 12.27 12/1 |
| 17 | | 25 years | 13.70 | 13.53 | 11.11 | 13.72 27/3 | 11.99 2/1 |
| 18 | Preference | † | 12.34 | 12.29 | 10.11 | 12.34 6/4 | 10.87 2/1 |

‡Opening index 2243.0; 9 am 2237.9; 10 am 2229.0; 11 am 2229.9; Noon 2228.9; 1 pm 2228.5; 2 pm 2227.3; 3 pm 2227.1; 4 pm 2221.4; 4.10 pm 2221.3; (a) 8.35am (b) 4.16pm

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Engineering - Aerospace | 29/12/89 | 486.00 | Other Industrial Materials | 31/12/80 | 287.41 | Food Retailing | 29/12/67 | 114.13 |
| Engineering - General | 29/12/89 | 486.00 | Health/Household Products | 30/12/77 | 261.77 | Insurance Brokers | 29/12/67 | 96.67 |
| Water | 29/12/89 | 1968.45 | Other Groups | 31/12/74 | 63.75 | All Other | 10/4/62 | 100.00 |
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/4/82 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Other Financial | 31/12/70 | 128.06 | Debs & Loans | 31/12/77 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Food Manufacturing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| | | | | | | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
*NAME CHANGE: Blue Arrow (41) has become Manpower.*

## INTERNATIONAL COMPANIES AND FINANCE

# Lotus Development to take over Novell in deal worth $1.5bn

By Alan Cane

LOTUS Development, the US company which created the world's most popular personal computer spreadsheet program, is to take over Novell, which developed the most widely used networking software.

The deal, worth $1.5bn, will create a software house with annual sales of almost $1bn and more than 5,000 staff.

Lotus, of Cambridge, Massachusetts, whose principal product is "1-2-3", a software package which commands more than 70 per cent of the world market for electronic spreadsheets, announced yesterday it intends to merge with Novell of Provo, Utah. The takeover is expected to be completed in July.

The combined company will have the largest sales of any personal computer software company. Lotus had sales in 1989 of $556m with pre-tax profits of $68m, while Novell's sales were $442m with $77m pre-tax. There are about 10m users of Lotus spreadsheets and other applications software. Novell has about 5m users for its networking products.

Microsoft, which is currently the world's top personal computer software company and which developed the operating software for International Business Machines' best selling personal computer ranges, had revenues last year of $804m.

Shares of Novell fell $2⅝ to $40½ on the news and Lotus sagged $1to 35¼. Traders said they did not see any other prospective bidders for Novell but Wall Street was surprised that Novell would sell itself at current prices. "Nobody can figure out why they would be selling themselves so cheaply," one trader said.

Under a letter of intent signed yesterday, Lotus said it would issue 1.19131 shares of Lotus common stock for each Novell share. The exchange ration values each company at its current market valuation. Lotus will issue 41.6m new shares to finance the deal.

Both companies will continue to operate under their own names, but Novell will become a wholly owned Lotus subsidiary. Mr Jim Manzi will continue as chairman and chief executive of Lotus, while Mr Ray Noorda, Novell chief executive, will become vice chairman of Lotus.

The merger is further evidence of the trend to consolidation in the software business as companies seek the advantages of scale and of the ability to satisfy their customers with integrated solutions from a single source.

Lotus was founded by Mr Mitch Kapor, writer of the 1-2-3 program which automates financial analysis and planning.

Novell was rescued from bankruptcy as a microcomputer maker in 1983 and moved to local area networking.

# Packer applies for court to wind up Bond Media

By Bruce Jacques in Sydney

THE WESTERN Australian Supreme Court is to hear a wind-up petition against Bond Media, the Australian TV and radio group, from Mr Kerry Packer, the businessman.

Mr Tom Hughes QC, for Mr Packer's Consolidated Press Holdings (CPH), told the court that the core allegation of the wind-up application was that, despite denials, Bond Media had sufficient profits to redeem A$200m (US$154m) in preference shares held by CPH.

Bond Media has claimed that both corporate legislation and its articles prohibit it from redeeming the preference shares because it has insufficient retained profits.

Meanwhile, the Western Australian State Government Insurance Commission has again put its near 20 per cent stake in Bell Group, another part of Mr Alan Bond's corporate empire, out to tender.

The stock is subject to a disputed indemnity agreement with Bond Corp which dates back to purchase of the Bell companies from Mr Robert Holmes à Court after the 1987 stock market crash.

The agreement guaranteed the commission a price of A$2.70 a share for the Bell Group stake, compared with a closing price for the shares yesterday of only 18 cents, leaving a shortfall of about A$161m.

● Goodman Fielder Wattie, the Australasian food combine, has revealed an indirect interest in Harlin Holdings, the company controlled by Elders IXL executives which has 55 per cent of Elders, Mr Bond's brewing rival, Reuter adds.

Goodman Fielder said in response to a query from the Australian Stock Exchange that in August 1988 it took a 22.9 per cent stake in Bamis Finance, which holds A$70m subordinated participating notes in Harlin. Goodman decided to sell it in the second half of 1989 but it has not yet been sold.

# UAL agrees $4.36bn bid from its employees

By Roderick Oram in New York

UAL, PARENT company of United Airlines, agreed in principle yesterday to a $4.36bn takeover offer from its employees, bringing close the end to a long fight by pilots and other staff for ownership of the second largest US carrier.

United Employee Acquisition Corporation, a new company organised by the unions for pilots, machinists and cabin crew and by non-union employees, is offering for each UAL share $155 in cash and securities worth about some $46. UAL's share price slipped $⅞ to $165 on the news.

If the bid is successful, it will create the largest employee-owned company in the US and end the uncertainty swirling around the airline since a $300 a share, $6.79bn buy-out bid by UAL's management and British Airways collapsed last October.

The bid failed after banks, unhappy about the airline's financial projections and angered by the meagre fees it proposed, refused to lend money for the deal.

The employees coalition said yesterday it was optimistic it could raise the money for its bid, particularly since employees would make $2bn worth of labour concessions over the next five years and sign a no-strike clause. The savings will escalate from $300m in the first year to $500m in the fifth.

The unions were supported by Condor Partners, a group of investors led by Coniston Partners which holds an 11.8 per cent stake in UAL. The investor group threatened to wage a proxy fight to oust the board if it did not accept an employee buy-out.

It was not immediately clear if Coniston or its partners would be equity investors in the buy-out.

One sticking point in the final negotiations was the opposition to an employee buy-out raised by Mr Steven Wolf, UAL's chairman, who had led the abortive buy-out attempt last year. The board's debate in Chicago lasted from 9am Thursday morning to 7am Friday morning before agreement was announced.

UAL's pilots had been trying to buy the company for several years but were repeatedly turned down by the management. If this bid is successful, each union will have a board seat, as will the non-union members of the buy-out, for a total of four seats.

Outside directors will fill another eight, while the remaining three seats will be filled by the chairman and chief executive and two chairman's nominees.

# Fox prowls under the pack's watchful eye

## Raymond Snoddy on how Rupert Murdoch's TV channel is worrying the US networks

It is hard to forget an evening spent with Mr Rupert Murdoch's Fox Broadcasting, the company bidding to be America's fourth national television network.

Sunday programmes open with America's Most Wanted, a dramatic and sometimes violent crime reconstruction series that has brought more than 100 criminals to book.

The schedule moves on to Married. . . With Children, a domestic comedy marked by sexual innuendo that led to at least one viewer trying to launch an advertiser boycott – to little effect.

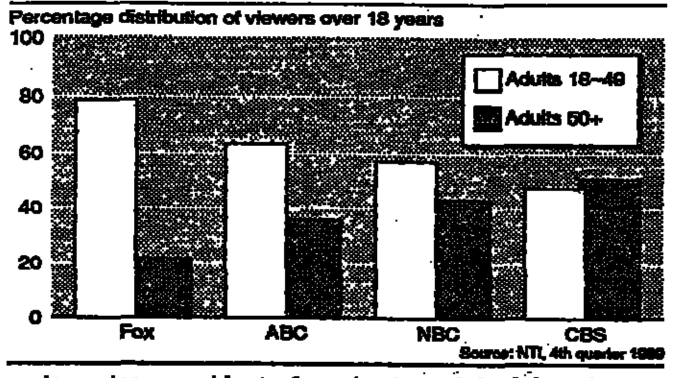
Then there is Outsiders, a new drama series pitting "the greasers" against more affluent tormentors from the right side of the tracks.

In the past critics have condemned Fox for its "tabloid television" approach, but the present mix of programmes aimed at young adults has been winning viewers against the established networks – and pleasing advertisers.

"There are some really powerful images about Fox out there," says Mr Andy Fessel, senior vice president for research and marketing.

**Broadcasting audience profiles**

Percentage distribution of viewers over 18 years




Source: NTI, 4th quarter 1989

Fox claims that 79 per cent of its audience is aged between 18 and 49, compared with 64 per cent for ABC, 57 per cent for NBC and only 48 per cent at CBS, the network occupying third place in the ratings.

Mr Pier Mapes, president of NBC TV Network, the top rated US network at the moment, says of Fox: "I think they have been brilliant and they are definitely a competitor. They are skimming off key sales demographics with niche programming." Mr Mapes believes it is possible that one day Fox could supplant CBS.

At Lintas, one of the world's top 10 advertising agencies, Mr Marc Goldstein, senior vice president in charge of national broadcasting business, accuses the established networks of being too pedestrian and failing to push back boundaries.

"I think Fox has shown the three networks that you can do things and reach an audience in a different way," says Mr Goldstein, who adds that the way Fox carved out an audience among 12 to 34 year olds was "outstanding."

It seemed an absurd ambition when Mr Murdoch decided in 1986 to try to launch a new network – last done successfully in 1948. The existing networks' share of the audience was declining as cable television strengthened its hold.

In three and a half years Fox has gone from a single programme – The Late Show Starring Joan Rivers – to three nights a week of programming: Saturday, Sunday and Monday.

By the autumn two more evenings will be added, plus three hours of programmes for children on Saturday mornings.

Through Mr Murdoch's television stations in main markets such as New York, Los Angeles, Chicago and Washington, and 129 affiliate stations that take the programme service, Fox claims 90 per cent coverage of the US, although many of the affiliates are less desirable low-power UHF stations.

After estimated start-up losses of $125m, Fox is now breaking even and Morgan Stanley, the investment bank, estimates that revenues for this financial year will total $325m with pre-tax profits of around $40m.

Mr Murdoch says he wants to take Fox to seven-day operation by autumn 1991 and add a national 10pm news bulletin to intensify further the competition with the three networks.

Perhaps the most significant achievement of Fox has been the value it has added to the Murdoch television stations bought from Metromedia for $1.85bn in 1986.

Margins at independent television stations often come in at around 25 per cent. Network-owned stations, which have been described as "money machines," can get closer to 45 per cent margins.

By putting his stations at the heart of an embryonic network, Mr Murdoch is moving his stations closer to the 45 per cent margin. According to Morgan Stanley, profits at the Fox-owned stations should increase to $140m a year within two years.

Despite its achievements, Fox is facing a difficult dilemma. As long as it does not count legally as a network, it can own the rights to the programmes it makes and shows, and can gain large revenues by selling them on the syndication market.

As soon as it goes over the 15-hour barrier, Fox, like the others, will be subject to rules designed to prevent the networks turning into vast integrated monopolies.

Fox has asked the Federal Communications Commission for a waiver of this obligation. Meanwhile the networks are arguing strenuously that financial interest and syndication rules limiting the programme rights they can retain are out of date because of the intense competition they now face.

As Fox becomes a serious player in the US broadcasting industry, its most serious challenge may be retaining its innovative programming and low-cost base when it is a fourth network broadcasting seven days a week.

# Aerospatiale and MBB merge helicopter units

By George Graham in Paris

AEROSPATIALE of France and Messerschmitt-Bölkow-Blohm of West Germany have reached agreement to merge their helicopter activities.

Eurocopter, the new company, will be 60 per cent-owned by Aerospatiale, the principal French state-owned aerospace company, and 40 per cent by MBB, the aerospace subsidiary of the Daimler-Benz group.

It will rank second in the world helicopter market behind Sikorsky of the US, with sales expected to total FFr10bn ($1.8bn) this year.

The partners have already begun to work together on the Tiger, a new Franco-German attack helicopter, and a project on the NH90 tactical transport and naval helicopter is expected to be given the go-ahead this year.

Aerospatiale, which controls around half the European helicopter market, will be the dominant partner. MBB will have to make a cash payment to bring its stake in Eurocopter up to 40 per cent, though the stakes may have to be adjusted following an audit.

Aerospatiale sold 283 helicopters last year for FFr6.7bn, compared with 50 machines sold by MBB for FFr1.6bn.

The companies claim they will have around 37 per cent of the world helicopter market, excepting the US military and Soviet Union markets. They said yesterday that other European companies could also join the venture.

Eurocopter will be located in France and is expected to be running by the end of the year. It will have a two-tier structure of management board and supervisory board – a structure authorised though still uncommon in France, but closely resembling the normal West German structure.

# Daimler-Benz 'willing to fight GE's suit'

By Charles Leadbeater in London and Roderick Oram in New York

DAIMLER-BENZ, the West German industrial conglomerate, yesterday signalled its willingness to fight a bitter legal battle over the $1.15bn law suit lodged against it by General Electric.

Daimler said it was still studying the 24-page suit filed in New York. But it insisted that GE had no grounds for filing the suit, which accuses Daimler of fraud, misrepresentation and misappropriation of trade secrets by agreeing a wide ranging alliance with United Technologies (UTC), one of GE's competitors in the aero-engine market.

An official of Deutsche Aerospace, the company which manages Daimler-Benz's aerospace interests, said: "We did not go into this with blue eyes. We are not naive."

Daimler announced on March 27 that its Motoren–Und Turbinen–Union subsidiary had forged an alliance with UTC's Pratt & Whitney division after two years of negotiations.

GE alleges that this broke its agreements with MTU to co-operate in developing the next generation of high-thrust engines to power wider bodied airliners. GE said it had provided MTU with comprehensive business and technological information which would help a competitor develop an alternative to the GE90 engine it is developing.

UTC said the alliance with MTU to develop a competitor to the GE90 was a logical extension of close collaboration between the two companies over many years.

It added that it fully expected the alliance to come to fruition.

It said it was not entering into the partnership with MTU as a way of learning more about GE's engine research and development.

The company said: "United Technologies and Pratt do not need or want and would not accept information from GE. We have complete confidence in the integrity of MTU."

# USX criticises Icahn figures

USX, the steel and energy group, has hit back at financial figures released this week by Mr Carl Icahn, the corporate raider, to justify his proposed break-up of the business, writes Martin Dickson in New York.

Mr Charles Corry, the USX chairman, said the Icahn package would cost the company an additional $100m to $120m a year in interest, insurance, tax and management costs.

He also said Mr Icahn's estimate that a divided USX was worth $48 a share was the result of a "lightweight analytical job" based on asset values, rather than earnings and cash flow. It applied the same market ratios to USX's two very different business sectors.

## Correction

### Anglovaal

BECAUSE of an agency error, terms of the rights issue by Anglovaal of South Africa were given wrongly in the Financial Times yesterday. The offer of 30 N class shares for every 100 ordinary or N ordinary shares is in fact priced at R49 each.

## WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1990 | Low 1990 |
|---|---|---|---|---|---|
| Gold per troy oz. | $377.75 | +8.00 | $382.25 | $420.25 | $368.00 |
| Silver Per troy oz | 316.20p | +14.05 | 341.40p | 323.50p | 302.15p |
| Aluminium 99.7% (cash) | $1538 | -59 | $2097.5 | $1655 | $1380.0 |
| Copper Grade A (cash) | £1651 | -2 | £1810.5 | £1701 | £1304.50 |
| Lead(cash) | £535.0 | +5.5 | £350.6 | £790 | £413.0 |
| Nickel (cash) | $9000 | -325 | $15450 | $10225 | $6075 |
| Zinc SHG (cash) | $1704.5 | +79 | $1692.5 | $1772.5 | $1250 |
| Tin (cash) | $6850 | -175 | £967.25 | $7020 | $6150 |
| Cocoa Futures (Jul) | £848 | | £782 | £848 | £622 |
| Coffee Futures (Jul) | £688 | | £1082 | £757 | £557 |
| Sugar (LDP Raw) | $360.4 | -16.6 | $313.6 | $386.4 | $320.0 |
| Barley Futures (Jun) | £105.55 | | £101.90 | £113.85 | £103.45 |
| Wheat Futures (Jun) | £115.45 | | £120.60 | £119.60 | £111.00 |
| Cotton Outlook A Index | 82.75c | +1.75 | 72.40c | 82.75c | 73.70c |
| Wool (64s Super) | 572p | | 660p | 580p | 548p |
| Oil (Brent Blend) | $17.625z | -0.675 | $19.50 | $21.975 | $17.625 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-May.

### London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $15.00-5.10y | -0.10 |
| Brent Blend | $17.60-7.65y | -.275 |
| W.T.I. (1 pm est) | $19.23-9.25y | -0.25 |

| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
|---|---|---|
| Premium Gasoline | $226-227 | -½ |
| Gas Oil | $159-160 | -2 |
| Heavy Fuel Oil | $78-80 | |
| Naphtha | $164-165 | -3 |
| *Petroleum Argus Estimates* | | |

| Other | | + or - |
|---|---|---|
| Gold (per troy oz)♣ | $377.75 | +0.25 |
| Silver (per troy oz)♣ | 513c | -7 |
| Platinum (per troy oz) | $480.25 | -0.60 |
| Palladium (per troy oz) | $128.50 | +0.75 |
| Aluminium (free market) | $1545 | -6 |
| Copper (US Producer) | 126⅞c | |
| Lead (US Producer) | 57.5c | |
| Nickel (free market) | 415c | |
| Tin (Kuala Lumpur market) | 17.80r | -0.15 |
| Tin (New York) | 311c | -1 |
| Zinc (US Prime Western) | 83¼c | |
| Cattle (live weight)† | 115.69p | +1.40* |
| Sheep (dead weight)† | 253.70p | -8.73* |
| Pigs (live weight)† | 101.58p | +0.09* |
| London daily sugar (raw) | $360.4w | -3.2 |
| London daily sugar (white) | $442.0w | -2.5 |
| Tate and Lyle export price | £335 | -2 |
| Barley (English feed) | £107.5 | +1.5 |
| Maize (US No. 3 yellow) | £135.0v | +1.5 |
| Wheat (US Dark Northern) | £120l | |
| Rubber (May)♥ | 56.00p | |
| Rubber (Jun)♥ | 56.50p | |
| Rubber (KL RSS No 1 May) | 227.5m | |
| Coconut oil (Philippines)§ | $347.5w | -1.5 |
| Palm Oil (Malaysian)§ | $277.5x | |
| Copra (Philippines)§ | $245y | |
| Soyabeans (US) | £164.5 | +1.5 |
| Cotton "A" index | 82.75c | +0.10 |
| Wooltops (64s Super) | 572p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jun. t-May/Jun. v-Apr/Jun. w-Apr/May. z-Mar/Apr y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| May | 337.40 | 333.80 | 337.40 331.60 |
| Aug | 344.00 | 341.00 | 345.00 339.40 |
| Oct | 336.60 | 333.60 | 337.00 332.00 |
| Dec | 329.00 | 325.00 | 314.00 |
| Mar | 310.00 | 307.60 | 308.40 307.40 |
| May | 308.80 | 306.40 | 306.40 305.00 |
| Aug | 309.00 | 307.00 | 308.60 304.60 |
| **White** | **Close** | **Previous** | **High/Low** |
| May | 444.0 | 442.5 | 442.7 440.0 |
| Aug | 437.0 | 436.5 | 437.0 434.0 |
| Oct | 410.0 | 408.5 | 410.0 405.0 |
| Dec | 398.5 | 397.0 | |
| Mar | 393.0 | 391.0 | 391.5 |
| May | 390.5 | 387.0 | 385.0 |

Turnover: Raw 2767 (4464)lots of 50 tonnes. White 1542 (1065)
Paris- White (FFr per tonne): May 2510, Aug 2497, Oct 2349, Dec 2275, Mar 2257, May 2247

**CRUDE OIL – IPE** $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| May | 17.51 | 17.80 | 17.80 17.50 |
| Jun | 17.95 | 18.10 | 18.25 17.95 |
| Jul | 18.28 | 18.29 | 18.28 18.16 |
| Aug | 18.30 | 18.42 | 18.33 18.25 |
| IPE Index | 18.10 | 18.26 | |

Turnover: 8914 (12882)

**GAS OIL – IPE** $/tonne

| | Latest | Previous | High/Low |
|---|---|---|---|
| Apr | 164.75 | 163.25 | 165.00 163.25 |
| May | 156.50 | 156.75 | 158.25 156.25 |
| Jun | 155.00 | 155.75 | 157.25 154.00 |
| Jul | 156.00 | 156.50 | 158.00 155.50 |
| Aug | 157.50 | 160.00 | 157.50 |
| Sep | 160.00 | 160.50 | 160.75 159.50 |
| Oct | 161.00 | 162.50 | 162.00 |
| Nov | 162.00 | 164.50 | 164.00 162.50 |
| Dec | 163.00 | 164.75 | 165.00 163.25 |

Turnover 9305 (10208)lots of 100 tonnes

**SPICES**
The pepper market remained very quiet this week, reports Man Producten. White pepper prices declined slowly to a level of US$1800/1825 a tonne cif. Black pepper prices in India rose to levels well over $2000, whereas other origins like Malaysia and Brazil hardly changed their levels. In general, activities were limited. Grenada Nutmeg Association decreased their prices by about 40 per cent, viz suns $5000 and defectives $4000 fob. Same types, Indonesian origin, are offered at $3850 and 2250 cnf sbp. Cassia: featureless. Cloves unchanged.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 831 | 835 | 847 822 |
| Jul | 848 | 849 | 865 840 |
| Sep | 864 | 868 | 879 856 |
| Dec | 885 | 886 | 898 880 |
| Mar | 905 | 907 | 914 900 |
| May | 919 | 922 | 927 917 |
| Jul | 932 | 938 | 942 934 |

Turnover: 12838 (18203) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 5 1012.26 (989.18) 10 day average for Apr 6 939.92 (924.88)

**COFFEE – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 700 | 720 | 717 698 |
| Jul | 688 | 700 | 700 686 |
| Sep | 699 | 706 | 712 698 |
| Nov | 710 | 721 | 722 710 |
| Jan | 722 | 732 | 732 722 |
| Mar | 733 | 745 | 744 735 |
| May | 752 | | 758 |

turnover: 3516 (5103) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 5: Comp. daily 77.02 (75.58). 15 day average 73.48 (73.51)

**POTATOES – BFE** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 145.0 | 142.0 | 145.0 136.0 |
| May | 188.9 | 188.0 | 189.0 185.0 |
| Nov | 103.0 | 98.0 | 99.0 98.0 |
| Apr | 158.0 | 148.0 | 157.0 150.0 |

Turnover 277 (569) lots of 40 tonnes.

**SOYABEAN MEAL – BFE** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Jun | 127.00 | 125.50 | |
| Aug | 126.00 | 124.50 | |
| Oct | 129.00 | 127.50 | 127.00 |
| Dec | 135.00 | | |

Turnover 11 (35) lots of 20 tonnes.

**FREIGHT FUTURES – BFE** $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 1434 | 1423 | 1437 1425 |
| May | 1440 | 1440 | 1449 1440 |
| Jul | 1296 | 1278 | 1296 1289 |
| Oct | 1383 | 1370 | 1383 1375 |
| Jan | 1383 | 1390 | 1390 |
| Apr | 1400 | 1403 | 1400 |
| Jul | 1185 | | 1205 |
| BFI | 1486 | 1483 | |

Turnover 369 (471)

**GRAINS – BFE** £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| May | 113.55 | 113.30 | 113.50 112.80 |
| Jun | 115.45 | 115.25 | 116.00 114.75 |
| Sep | 107.20 | 107.00 | |
| Nov | 110.60 | 110.55 | 110.65 110.45 |
| Jan | 114.55 | 114.40 | 114.55 114.40 |
| Mar | 117.50 | 117.40 | 117.40 |
| May | 120.85 | | 120.95 120.75 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| May | 105.15 | 105.30 | 104.85 |
| Sep | 105.55 | 105.00 | 105.50 105.15 |
| Nov | 109.55 | 109.00 | 109.50 |
| Jan | 112.75 | 112.20 | 112.75 112.40 |
| May | 117.00 | 116.50 | 117.00 116.50 |

Turnover: Wheat 216 (101), Barley 143 (62).
Turnover lots of 100 tonnes.

**PIGS – BFE** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 126.0 | 124.5 | 125.0 |
| Jun | 123.5 | 122.0 | 123.0 122.0 |
| Aug | 117.0 | 118.0 | 118.0 |
| Oct | 119.5 | 118.5 | 119.0 |
| Nov | 118.5 | 118.5 | 118.0 |

Turnover 115 (42) lots of 3,250 kg

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 40,950 tonne |
| Cash | 1537-8 | 1566-8 | | 1543-5 | | |
| 3 months | 1537-9 | 1560-2 | 1560/1522 | 1541-3 | 1538-40 | 41,868 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 52,150 tonne |
| Cash | 1650-2 | 1642-4 | 1660/1640 | 1639-40 | | |
| 3 months | 1606-7 | 1589-90 | 1598/1574 | 1583-4 | 1593-4 | 78,165 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 6,975 tonne |
| Cash | 534-6 | 525-8 | 540/535 | 526-9 | | |
| 3 months | 506-8 | 501-2 | 508/498 | 507-8 | 505-7 | 9,598 lots |
| **Nickel ($ per tonne)** | | | | | | Ring turnover 1,218 tonne |
| Cash | 8975-9025 | 9000-25 | 9000 | 8975-9000 | | |
| 3 months | 8775-8800 | 8875-900 | 8825/8775 | 8800-5 | 8775-800 | 7,680 lots |
| **Tin ($ per tonne)** | | | | | | Ring turnover 1,326 tonne |
| Cash | 6640-50 | 6660-70 | 6650 | 6650-60 | | |
| 3 months | 6740-5 | 6740-50 | 6765/6740 | 6750-60 | 6730-50 | 6,801 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Ring turnover 14,100 tonne |
| Cash | 1702-7 | 1700-10 | 1729/1700 | 1718-9 | | |
| 3 months | 1597-600 | 1600-5 | 1609/1597 | 1609-10 | 1597-600 | 17,221 lots |

LME Closing £/$ rate: SPOT: 1.6575 | 3 months: 1.6115 | 6 months: 1.5835 | 9 months: 1.5619

**LONDON BULLION MARKET**

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 377¼-378 | 230¼-230¾ |
| Opening | 378¾-379 | 228½-229 |
| Morning fix | 380.25 | 232.051 |
| Afternoon fix | 377.70 | 230.586 |
| Day's high | 380¼-381¼ | |
| Day's low | 375¾-376 | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Maple leaf | 389-394 | 237-240 |
| Britannia | 389-394 | 237-240 |
| US Eagle | 389-394 | 237-240 |
| Angel | 389-394 | 237-240 |
| Krugerrand | 378-379 | 229-231 |
| New Sov. | 89-90 | 54¼-55 |
| Old Sov. | 89-90 | 54¼-55 |
| Noble Plat | 486.00-493.70 | 295.60-301.25 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 316.20 | 517.90 |
| 3 months | 326.30 | 528.05 |
| 6 months | 333.75 | 535.55 |
| 12 months | 364.65 | 563.60 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Jun | Sep | Jun | Sep |
| 1450 | 93 | 112 | 6 | 24 |
| 1550 | 28 | 58 | 40 | 64 |
| 1650 | 4 | 22 | 115 | 129 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2450 | 226 | 189 | 12 | 70 |
| 2600 | 114 | 94 | 60 | 141 |
| 2750 | 48 | 47 | 127 | 240 |
| **Coffee** | **May** | **Jul** | **May** | **Jul** |
| 650 | 54 | 88 | 4 | 29 |
| 700 | 21 | 40 | 21 | 53 |
| 750 | 6 | 21 | 56 | 87 |
| **Cocoa** | **May** | **Jul** | **May** | **Jul** |
| 800 | 35 | 72 | 5 | 25 |
| 850 | 8 | 45 | 30 | 48 |
| 900 | 1 | 27 | 72 | 80 |
| **Brent Crude** | **Jun** | **Jul** | **Jun** | **Jul** |
| 1650 | 23 | | 65 | |
| 1800 | 8 | 25 | | |
| 1950 | 3 | 15 | | |

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 380.7 | 374.5 | 381.1 | 377.0 |
| May | 382.6 | 376.7 | 0 | 0 |
| Jun | 385.2 | 379.5 | 385.4 | 381.1 |
| Aug | 389.0 | 383.1 | 389.6 | 385.5 |
| Oct | 392.9 | 386.9 | 393.0 | 389.7 |
| Dec | 396.7 | 390.7 | 397.2 | 396.0 |
| Feb | 400.6 | 394.5 | 401.8 | 401.8 |
| Apr | 404.5 | 398.4 | 0 | 0 |
| Jun | 408.5 | 402.5 | 0 | 0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 478.6 | 477.2 | 478.5 | 478.0 |
| Jul | 482.6 | 484.2 | 487.5 | 480.5 |
| Oct | 487.7 | 489.3 | 491.5 | 485.5 |
| Jan | 492.4 | 494.5 | 496.0 | 494.0 |
| Apr | 497.7 | 500.3 | 0 | 0 |
| Jul | 504.2 | 505.8 | 0 | 0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 516.4 | 514.1 | 0 | 0 |
| May | 518.0 | 516.8 | 521.5 | 512.5 |
| Jun | 521.2 | 521.0 | 0 | 0 |
| Jul | 527.5 | 525.4 | 530.0 | 521.5 |
| Sep | 533.6 | 531.4 | 536.0 | 531.5 |
| Dec | 542.7 | 540.8 | 546.0 | 540.0 |
| Jan | 545.2 | 545.1 | 550.0 | 542.0 |
| Mar | 551.9 | 548.0 | 548.0 | 548.0 |
| May | 558.1 | 558.0 | 560.0 | 554.0 |
| Jul | 563.3 | 568.2 | 0 | 0 |
| Sep | 578.7 | 574.5 | 0 | 0 |

**HIGH GRADE COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 124.50 | 121.95 | 124.80 | 121.20 |
| May | 121.10 | 118.80 | 123.10 | 118.50 |
| Jun | 117.95 | 114.65 | 116.30 | 114.70 |
| Jul | 113.10 | 111.00 | 114.90 | 111.00 |
| Aug | 111.00 | 108.95 | 110.50 | 110.50 |
| Sep | 108.80 | 107.20 | 109.50 | 107.60 |
| Oct | 107.40 | 105.90 | 0 | 0 |
| Nov | 106.60 | 104.70 | 0 | 0 |
| Dec | 104.60 | 103.40 | 105.20 | 103.50 |
| Jan | 103.70 | 102.70 | 0 | 0 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 19.20 | 19.43 | 19.61 | 19.10 |
| Jun | 19.66 | 19.77 | 19.95 | 19.51 |
| Jul | 19.96 | 20.05 | 20.20 | 19.83 |
| Aug | 20.14 | 20.23 | 20.36 | 20.00 |
| Sep | 20.27 | 20.33 | 20.43 | 20.12 |
| Oct | 20.30 | 20.35 | 20.43 | 20.12 |
| Nov | 20.30 | 20.35 | 20.47 | 20.20 |
| Dec | 20.24 | 20.31 | 20.47 | 20.25 |
| Jan | 20.30 | 20.29 | 20.44 | 20.25 |
| Feb | 20.28 | 20.31 | 20.28 | 20.28 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 5386 | 5551 | 5595 | 5300 |
| Jun | 5225 | 5187 | 5380 | 5167 |
| Jul | 5300 | 5270 | 5330 | 5250 |
| Aug | 5435 | 5400 | 5460 | 5380 |
| Sep | 5520 | 5480 | 5535 | 5465 |
| Oct | 5600 | 5560 | 5600 | 5540 |
| Nov | 5675 | 5640 | 5725 | 5620 |
| Dec | 5725 | 5670 | 5740 | 5660 |
| Jan | 5660 | 5605 | 5660 | 5605 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 1281 | 1281 | 1284 | 1247 |
| Jul | 1301 | 1281 | 1303 | 1267 |
| Sep | 1313 | 1306 | 1317 | 1282 |
| Dec | 1328 | 1307 | 1330 | 1302 |
| Mar | 1343 | 1335 | 1318 | 1318 |
| May | 1358 | 1330 | 0 | 0 |
| Jul | 1370 | 0 | 0 | 0 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 95.67 | 96.75 | 97.45 | 95.05 |
| Jul | 97.28 | 98.49 | 99.20 | 96.85 |
| Sep | 99.20 | 100.25 | 100.75 | 98.75 |
| Dec | 101.38 | 102.33 | 103.00 | 101.20 |
| Mar | 103.58 | 104.55 | 0 | 0 |
| May | 105.23 | 106.25 | 0 | 0 |
| Jul | 106.25 | 107.75 | 0 | 0 |
| Sep | 107.75 | 108.25 | 0 | 0 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 15.16 | 15.12 | 15.27 | 15.04 |
| Jul | 15.21 | 15.26 | 15.40 | 15.21 |
| Oct | 14.92 | 14.89 | 15.11 | 14.86 |
| Mar | 14.18 | 14.01 | 14.20 | 13.98 |
| May | 14.03 | 13.85 | 13.92 | 13.87 |
| Jul | 13.90 | 13.76 | 13.70 | 13.70 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 73.08 | 73.76 | 74.76 | 72.98 |
| Jul | 72.50 | 73.25 | 74.17 | 72.45 |
| Oct | 66.85 | 67.05 | 67.30 | 66.55 |
| Dec | 64.89 | 65.42 | 65.95 | 64.86 |
| Mar | 65.68 | 66.55 | 66.65 | 65.80 |
| May | 66.75 | 66.64 | 66.76 | 66.70 |
| Jul | 66.71 | 66.71 | 0 | 0 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 196.60 | 198.25 | 198.90 | 195.25 |
| Jul | 194.65 | 195.20 | 196.50 | 193.20 |
| Sep | 190.00 | 189.50 | 190.00 | 188.00 |
| Nov | 182.05 | 182.50 | 182.00 | 180.00 |
| Jan | 178.75 | 176.85 | 178.00 | 176.00 |

**INDICES**

REUTERS (Base: September 18 1931 = 100)

| Apr 6 | Apr 5 | mnth ago | yr ago |
|---|---|---|---|
| 1927.8 | 1924.5 | 1902.6 | 2017.0 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Apr 4 | Apr 4 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 133.20 | 133.25 | 132.59 | 134.57 |
| Futures | 134.14 | 133.93 | 134.41 | 135.97 |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 595/4 | 598/4 | 602/0 | 591/0 |
| Jul | 605/4 | 609/6 | 616/0 | 604/0 |
| Aug | 612/6 | 614/6 | 619/4 | 608/6 |
| Sep | 612/6 | 613/6 | 618/0 | 609/0 |
| Nov | 617/4 | 618/4 | 623/0 | 612/0 |
| Jan | 629/2 | 630/2 | 633/0 | 622/4 |
| Mar | 637/4 | 639/4 | 645/0 | 632/4 |
| May | 643/0 | 645/4 | 649/0 | 640/0 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 21.77 | 22.18 | 22.23 | 21.70 |
| Jul | 21.95 | 22.27 | 22.30 | 21.82 |
| Aug | 21.85 | 22.15 | 22.15 | 21.85 |
| Sep | 21.67 | 21.88 | 21.91 | 21.55 |
| Oct | 21.45 | 21.67 | 21.65 | 21.42 |
| Dec | 21.40 | 21.55 | 21.55 | 21.25 |
| Jan | 21.35 | 21.40 | 21.35 | 21.25 |
| Mar | 21.10 | 21.31 | 21.25 | 21.10 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 174.4 | 173.7 | 176.0 | 172.7 |
| Jul | 178.1 | 177.0 | 179.5 | 178.1 |
| Aug | 180.1 | 180.0 | 180.5 | 180.0 |
| Sep | 181.1 | 180.9 | 182.5 | 179.8 |
| Oct | 181.6 | 181.8 | 183.5 | 181.0 |
| Dec | 185.8 | 185.6 | 186.5 | 184.0 |
| Jan | 187.5 | 186.3 | 0 | 0 |
| Mar | 190.0 | 191.0 | 0 | 0 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 269/2 | 270/2 | 273/0 | 269/0 |
| Jul | 271/0 | 272/2 | 275/0 | 269/2 |
| Sep | 262/0 | 263/2 | 265/4 | 262/0 |
| Dec | 260/0 | 262/2 | 263/4 | 257/6 |
| Mar | 268/0 | 269/2 | 270/4 | 266/4 |
| May | 271/2 | 272/4 | 273/4 | 270/0 |
| Jul | 271/0 | 272/4 | 273/4 | 270/0 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 365/2 | 367/0 | 371/4 | 365/0 |
| Jul | 342/2 | 344/2 | 346/4 | 340/2 |
| Sep | 346/4 | 350/0 | 351/2 | 346/2 |
| Dec | 356/2 | 360/4 | 362/0 | 355/4 |
| Mar | 359/0 | 363/0 | 364/0 | 358/4 |
| May | 370/0 | 370/0 | 370/4 | 368/4 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 78.75 | 78.95 | 78.77 | 78.07 |
| Jun | 75.05 | 75.42 | 75.60 | 74.65 |
| Aug | 73.00 | 73.25 | 73.57 | 72.75 |
| Oct | 74.82 | 74.27 | 74.95 | 74.35 |
| Dec | 74.52 | 74.47 | 74.70 | 74.50 |
| Feb | 74.67 | 74.47 | 74.70 | 74.50 |
| Apr | 74.60 | 74.50 | 75.10 | 74.50 |

**LIVE HOGS 30,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 54.60 | 54.65 | 54.80 | 54.25 |
| Jun | 59.67 | 59.35 | 58.75 | 58.05 |
| Jul | 59.25 | 58.15 | 58.42 | 57.80 |
| Aug | 56.45 | 56.20 | 56.40 | 55.80 |
| Oct | 51.02 | 50.85 | 51.35 | 50.80 |
| Dec | 50.50 | 50.65 | 50.95 | 50.60 |
| Feb | 49.67 | 49.60 | 49.73 | 48.80 |
| Apr | 48.20 | 48.40 | 48.40 | 48.05 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 64.47 | 65.45 | 65.87 | 64.40 |
| Jul | 63.12 | 63.95 | 64.35 | 63.06 |
| Aug | 60.17 | 60.87 | 61.25 | 59.80 |
| Feb | 59.12 | 60.22 | 60.20 | 59.00 |
| Mar | 60.27 | 59.95 | 59.00 | 0 |
| May | 60.60 | 59.30 | 0 | 0 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Pound and dollar weaker

STERLING WAS vulnerable to profit-taking yesterday as traders with long positions in the currency squared their books ahead of today's meeting of finance ministers from the Group of Seven in Paris. The pound has been supported recently by high London interest rates and the lack of any economic news, but it has fallen back steadily after failing to sustain the level of DM2.80 touched on Thursday.

The G7 meeting may have more impact on the yen and dollar than European currencies, but sterling could soon face a test when figures on UK retail prices and average earnings are published on Thursday. There is also growing nervousness about the political situation, as opinion polls continue to show a poor rating for the ruling Conservative Party and particularly for Mrs Margaret Thatcher, the Prime Minister.

Sterling lost ¼ cent to $1.6390 at the finish of trading in London and fell to DM2.7775 from DM2.7900. It also declined to Y258.25 from Y258.75; to SFr2.4575 from SFr2.4650; and to FFr9.3350 from FFr9.3800. According to the Bank of England the pound's index shed 0.4 to 87.5.

The dollar lost a little ground, but trading was quiet and the currency did not show much reaction to weak US employment data. March non-farm payrolls rose by only 26,000, after a revised gain of 358,000 in February. The March increase was the lowest since June 1986, and was much weaker than expectations of around 177,000.

At the London close the dollar had fallen to Y157.50 from Y157.65; to DM1.6950 from DM1.6995; to SFr1.5000 from SFr1.5010; and to FFr5.6950 from FFr5.7150. On Bank of England figures its index declined to 68.5 from 68.7.

The yen was little changed, as traders held square positions ahead of the G7 meeting. News that the US and Japan had reached agreement on trade talks encouraged some optimism that the Paris meeting will result in agreement to support the yen, but in general the market was reluctant to speculate on the outcome.

The D-Mark rose to Y92.90 from Y92.75 against the yen and traded quietly within the European Monetary System. It fell to L734.80 from L735.80 against the lira and to FFr3.3600 from FFr3.3625 in terms of the French franc.

Mr Helmut Kohl, the West German Chancellor, said all decisions on monetary union between the two Germanys would be made within the next four weeks. The whole issue, *including the exchange rate*, should be solved by the beginning of May.

Average rates against the dollar in March were: sterling $1.6257; D-Mark DM1.7050; yen Y153.15; Swiss franc SFr2.4585; and French franc FFr5.7542.

### £ IN NEW YORK

| Apr.6 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6385-1.6395 | 1.6415-1.6425 |
| 1 month | 0.87-0.86pm | 0.88-0.87pm |
| 3 months | 2.61-2.59pm | 2.61-2.58pm |
| 12 months | 9.39-9.32pm | 9.24-9.17pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

### CURRENCY RATES

### POUND SPOT- FORWARD AGAINST THE POUND

### EMS EUROPEAN CURRENCY UNIT RATES

### CURRENCY MOVEMENTS

### EURO-CURRENCY INTEREST RATES

### OTHER CURRENCIES

### EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

### FORWARD RATES AGAINST STERLING

| | Spot | | | | |
|---|---|---|---|---|---|
| US Dollar | 1.6390 | 1.6303 | 1.6130 | 1.5879 | 1.5458 |
| D-mark | 2.7775 | 2.7618 | 2.7326 | 2.6930 | 2.6238 |
| French Fr. | 9.3350 | 9.2995 | 9.2227 | 9.1108 | 8.9194 |
| Swiss Fr. | 2.4575 | 2.4461 | 2.4226 | 2.3863 | 2.3220 |
| Yen | 258.25 | 256.62 | 253.47 | 248.88 | 240.82 |

## FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

OPTION ON LONG-TERM FRENCH BOND (MATIF)

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

| | | | | | | | Open Int |
|---|---|---|---|---|---|---|---|
| June | 90.00 | - | 89.98 | -0.01 | 90.00 | 89.88 | 10.02 | 15,978 |
| September | 90.05 | 90.03 | -0.01 | 90.05 | 89.95 | 9.97 | 6,338 |
| December | 90.08 | 90.08 | - | 90.08 | 90.00 | 9.92 | 2,627 |
| March | - | - | - | - | - | 9.88 | 36 |

Estimated volume 8,847 Total Open Interest 24,979

CAC-40 FUTURES (MATIF) Stock Index

| | Open | Close | Change | High | Low | Open Int |
|---|---|---|---|---|---|---|
| April | 2053.0 | 2076.0 | +38.0 | 2088.0 | 2053.0 | 4,926 |
| May | 2062.5 | 2077.0 | +37.0 | 2088.0 | 2062.5 | 353 |
| June | 2063.0 | 2063.0 | +23.0 | 2063.0 | 2063.0 | 137 |
| September | - | - | - | - | - | - |

Estimated volume 6,715 Total Open Interest 5,416

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

## BANK RETURN

| BANKING DEPARTMENT | Wednesday April 4, 1990 | Increase or decrease for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 59,049,952 | - 22,754,228 |
| Bankers Deposits | 1,705,604,383 | + 186,322,772 |
| Reserve and other Accounts | 1,921,036,659 | - 189,600,056 |
| | 3,700,243,994 | - 26,031,512 |
| ASSETS | | |
| Government Securities | 1,364,525,744 | - 28,340,000 |
| Advance and other Accounts | 537,306,267 | - 17,066,333 |
| Premises Equipment & other Secs | 1,788,584,952 | + 15,276,701 |
| Notes | 9,632,949 | + 4,151,600 |
| Coin | 194,082 | - 33,480 |
| | 3,700,243,994 | - 26,031,512 |
| ISSUE DEPARTMENT | | |
| LIABILITIES | | |
| Notes in circulation | 15,270,367,051 | + 105,848,400 |
| Notes in Banking Department | 9,632,949 | + 4,151,600 |
| | 15,280,000,000 | + 110,000,000 |
| ASSETS | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 11,984,025,587 | + 1,251,291,923 |
| Other Securities | 3,284,959,313 | - 1,141,291,923 |
| | 15,280,000,000 | + 110,000,000 |

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 15 | Co-operative Bank | *15 | Nat Westminster | 15 |
| Adam & Company | 15 | Coutts & Co | 15 | Northern Bank Ltd | 15 |
| Allied Trust Bank | 15 | Cyprus Popular Bk | 15 | Norwich Gen. Trust | 15 |
| Allied Irish Bank | 15 | Dunbar Bank PLC | 15 | Nykredit Mortgage Bank | 15½ |
| ● Henry Ansbacher | 15 | Duncan Lawrie | 15 | PRIVATbanken Limited | 15 |
| Associates Cap Corp | 15½ | Equatorial Bank plc | 15 | Provincial Bank PLC | 16 |
| ● B & C Merchant Bank | 15 | Exeter Trust Ltd | 15½ | Roxburghe G'rantee | 15½ |
| Bank of Baroda | 15 | Financial & Gen. Bank | 15 | Royal Bk of Scotland | 15 |
| Banco Bilbao Vizcaya | 15 | First National Bank Plc. | 16½ | Royal Trust Bank | 15 |
| Bank Hapoalim | 15 | ● Robert Fleming & Co. | 15 | ● Smith & Williamson Secs. | 15 |
| Bank Credit & Comm | 15 | Robert Fraser & Ptnrs. | 15½ | Standard Chartered | 15 |
| Bank of Cyprus | 15 | Girobank | 15 | TSB | 15 |
| Bank of Ireland | 15 | ● Guinness Mahon | 15 | ● United Bk of Kuwait | 15 |
| Bank of India | 15 | HFC Bank plc | 15 | United Mizrahi Bank | 15 |
| Bank of Scotland | 15 | ● Hambros Bank | 15 | Unity Trust Bank Plc | 15 |
| Banque Belge Ltd | 15 | Hampshire Trust Plc | 15½ | Western Trust | 15 |
| Barclays Bank | 15 | Heritable & Gen Inv Bnk | 15 | Westpac Bank Corp. | 15 |
| Benchmark Bank PLC | 15 | ● Hill Samuel | §15 | Whiteaway Laidlaw | 15 |
| Brit Bk of Mid East | 15 | C. Hoare & Co. | 15 | Yorkshire Bank | 15 |
| ● Brown Shipley | 15 | Hongkong & Shangh | 15 | | |
| Cl. Bank Nederland | 15 | ● Leopold Joseph & Sons | 15 | | |
| ● Charterhouse Bank | 15 | Lloyds Bank | 15 | | |
| Citibank NA | 15 | Meghraj Bank Ltd | 15 | | |
| City Merchants Bank | 15 | McDonnell Douglas Bnk | 15 | | |
| Clydesdale Bank | 15 | Midland Bank | 15 | | |
| Comm. Bk. N. East | 15 | Mount Banking | 15 | | |
| | | Nat Bk. of Kuwait | 15 | | |

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## MONEY MARKETS

# Rates hold steady

A WEAKER pound had no immediate impact on cash interest rates on the London money market yesterday. Three-month sterling interbank was slightly softer and was quoted at 15⅛-15⅛ per cent, against 15⅛-15¼. One-year money was steady at 15½-15⅛ per cent.

Short sterling futures weakened as the pound fell, but trading remained subdued. Volume for September delivery was only slightly lower than for the near month of June, indicating that the market does not expect a change in bank base rates in the near future. The June contract opened lower at 84.79, and moved within a narrow range of 84.76 to 84.81, before closing at 84.78, compared with 84.81 previously.

UK clearing bank base lending rate
15 per cent
from October 5

Day-to-day credit was in fairly short supply on the money market. The Bank of England initially forecast a shortage of £600m but revised this to £800m at noon and to £850m in the afternoon. Total help of £752m was provided.

Before lunch the authorities bought £453m bank bills outright in band 2 at 14¾ per cent. In the afternoon another £299m bank bills were purchased in band 2 at 14¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £628m, with a rise in the note circulation absorbing £530m and bank balances below target £35m. These outweighed Exchequer transactions adding £610m to liquidity.

At the weekly Treasury bill tender the average rate of discount for 91-day bills fell to 14.5553 per cent from 14.5870 last week. The top accepted rate of discount was 14.5599 per cent, down from 14.6000 previously. The £500m bills on offer attracted applications of £1.839bn, compared with £1.453bn for a similar number last week.

The average rate of discount on £200m of 182-day bills declined to 14.2235 per cent from 14.2876. These met applications of £452m. Next week's tender will take place on Thursday when another £500m 91-day bills and £200m 182-day bills will be on offer.

In Frankfurt call money rose to 7.90 from 7.80 per cent, as banks bid for funds to pay for a DM4.16bn Federal floating rate note. Banks' reserve holdings at the Bundesbank averaged DM60.1bn for the first four day's of April, against an expected requirement of DM59bn for the whole month.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Apr.6) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 8½ | offer 8½ | bid 8⅝ | offer 8⅝ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

| | | | | | |
|---|---|---|---|---|---|
| Prime rate | 10 | One month | 7.63 | Three year | 8.59 |
| Broker loan rate | 9¾ | Two month | 7.68 | Four year | 8.59 |
| Fed.funds | 8¼ | Three month | 7.81 | Five year | 8.58 |
| Fed.funds at intervention | 8¼ | Six month | 8.14 | Seven year | 8.63 |
| | | One year | 8.25 | 10-year | 8.58 |
| | | Two year | 8.55 | 30-year | 8.55 |

| Apr.6 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 7.85-7.95 | 7.80-7.90 | 7.95-8.10 | 8.10-8.25 | 8.45-8.60 | 8.00 |
| Paris | 9⅞-10 | 10-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 9.75 |
| Zurich | 8⅝-8⅞ | 8⅞-9⅛ | - | 8⅞-9⅛ | - | - |
| Amsterdam | 8.43-8.56 | 8.30-8.35 | | 8.42-8.52 | - | - |
| Tokyo | 7-7⅛ | 7⅛-7⅛ | - | 7⅛-7⅛ | - | - |
| Milan | 12-12¼ | 12¼-12¼ | - | 12¼-12½ | - | - |
| Brussels | 7.80 | 10⅛-10⅛ | - | 10⅛-10⅛ | - | - |
| Dublin | 11⅛-11⅛ | 11⅛-11⅞ | 11⅞-12⅛ | 12⅛-12⅛ | 12⅛-12½ | - |

### LONDON MONEY RATES

| Apr 6 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 14⅞ | 14⅞ | 15 | 15⅛ | 15⅛ | 15½ |
| Interbank Bid | 12½ | 14⅝ | 14⅞ | 15⅛ | 15⅛ | 15⅜ |
| Sterling CDs | - | - | 14⅞ | 15⅛ | 15⅛ | 15⅜ |
| Local Authority Deps. | 14⅞ | 14⅞ | 14⅞ | 15⅛ | 15⅛ | 15⅜ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps. | 14⅛ | 14¾ | 14¾ | 14⅞ | - | - |
| Company Deposits | - | - | 15 | 15⅛ | 15⅛ | 15⅛ |
| Finance House Deposits | - | - | 15 | 15⅛ | 15⅛ | 15½ |
| Treasury Bills (Buy) | - | - | 14⅞ | 14⅞ | - | - |
| Bank Bills (Buy) | - | - | 14⅞ | 14⅞ | 14⅞ | - |
| Fine Trade Bills (Buy) | - | - | 15⅛ | 15⅛ | 14⅞ | - |
| Dollar CDs | - | - | 8.38 | 8.45 | 8.65 | 8.87 |
| SDR Linked Dep. Offer | - | - | 9⅛ | 9⅛ | 9⅛ | 9⅞ |
| SDR Linked Dep. Bid | - | - | 9 | 9⅛ | 9⅛ | 9⅞ |
| ECU Linked Dep. Offer | - | - | 10⅛ | 10½ | 10⅛ | 10⅞ |
| ECU Linked Dep. Bid | - | - | 10⅛ | 10⅛ | 10⅛ | 10⅞ |

Treasury Bills (sell); one-month 14⅝ per cent; three months 14⅞ per cent; Bank Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.5553 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990, Scheme I: 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1,1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## Corporation and County Stocks No. of bargains included 2

Greater London Council 6¾% Stk 90/92 - £87
Birmingham Corp 3½% Stk 1946(or after) - £27 (2Ap90)
Bristol(City of) 11½% Red Stk 2008 - £96½ (3Ap90)
Kensington & Chelsea(Royal Borough) 11.15% Red Stk 2006 - £87¾ (2Ap90)
Leeds(City of) 13½% Red Stk 2006 - £106¼♦
Liverpool Corp 3% Red Stk 1942(or after) - £25 (3Ap90)
Manchester(City of) 11.5% Red Stk 2007 - £92 (30Mr90)
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £85 (3Ap90)
Oldham Met Borough Council 11.25% Red Stk 2010 - £85¾ (3Ap90)
Local Authority 14¾% Bds 21/11/90 - £99¾ (4Ap90)

## UK Public Boards No. of bargains included 3

Agricultural Mortgage Corp PLC 6¾% Deb Stk 92/94 - £75 (4Ap90)
6¾% Deb Stk 85/90 - £96
7¼% Deb Stk 91/93 - £82½ (4Ap90)
10¼% Deb Stk 92/95 - £86 (4Ap90)
Clyde Port Authority 3% Irrd Stk - £24 (4Ap90)
Metropolitan Water Southwark & Vauxhall Water Co 3% Deb Stk - £30 (4Ap90)
Scottish Agric Sec Corp Ld 3½% Deb Stk 63/93 - £70 (3Ap90)

## Commonwealth-Government No. of bargains included nil

South Australian 3% Cons Ins Stk 1916(or after) - £24 (30Mr90)

## Foreign Stocks, Bonds, etc-(coupons payable in London) No. of bargains included 30

Greece.(Kingdom of) 6% Public Works Stlg Ln of 1928(Assd) - £30 (2Ap90)
Minas Geraes(State of)Brazil 6½% 30yr Ext Stlg Ln 28(A-2¾%) - £75 (30Mr90)
Spain(Govt of) 4%(Sealed Bds) - £50

## Sterling Issues by Overseas Borrowers

## Banks and Discount Companies

## Breweries and Distilleries

## Commercial, Industrial, etc

## Financial Trusts, Land, etc

## Insurance

## Investment Trusts

## Unit Trusts

## Mines - Miscellaneous

## Mines - South African

## Oil

## Property

## Plantations

## Utilities

## Water

## Miscellaneous Warrants

## USM Appendix

## The Third Market Appendix

## Rule 535(2)

**RULE 535 (4) (a)**
**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

By Permission of the Stock Exchange Council

# LONDON STOCK EXCHANGE

## Gloomy finish to the trading account

THE BOUNCE in the Tokyo market failed to provide lasting encouragement for the London equity sector which drifted back towards the bottom end of its trading range yesterday. Traders were nervous ahead of this weekend's meeting of G-7 Ministers and of next week's data on domestic inflation, wages and prices.

The final session of the equity trading account came to a gloomy close, with share prices at the day's lows in the absence of significant buying interest for the new trading account, extended to three weeks to cover the Easter holiday.

**Account Dealing Dates**

| | | | |
|---|---|---|---|
| First Dealings: | Mar 26 | Apr 9 | Apr 30 |
| Option Declarations: | Apr 5 | Apr 26 | May 10 |
| Last Dealings: | Apr 6 | Apr 27 | May 11 |
| Account Day: | Apr 17 | May 8 | May 21 |

*New time dealings may take place from 8.00 am two business days earlier.

At the market's opening, the effects of the widely-predicted rally in Tokyo were offset by a UK opinion poll showing Mrs Margaret Thatcher as the least popular British Prime Minister since such ratings began nearly 50 years ago. With local elections looming next month, concern over the political outlook continues to unsettle the London financial markets.

A grudging early advance of 3.7 in the FT-SE Index was reversed when the premium on the Footsie June futures contract was narrowed from 36 to 21 and the stockmarket began a slow downward drift ahead of the opening on Wall Street. With the New York market down 17.12 in London trading hours, the setback in UK stocks saw no respite.

The FT-SE Index closed 18.4 off at 2,221.1, bringing into question again the lower end of the trading range of 2,200-2,300 which has established itself over the past two months. The trading picture was little changed yesterday, Seaq volume jumping to 575.3m shares from Thursday's 435.5m as traders rounded off the end of a trading account which has also taken in the close of the first trading quarter of 1990 and the end of the tax year.

Over the account, the Footsie has lost 62.8 points or 2.7 per cent, losing 26.8 points on the week, as weakness in the Tokyo market unsettled international investors. London traders were nervous yesterday of moves allied to this weekend's G-7 meeting in Paris to bolster the Yen, with another rise in Japanese discount rate not ruled out.

Some securities firms, notably Salomon Brothers, the US investment house, have turned more bullish towards the Tokyo market, and next week could see the investment pendulum swinging back towards a darkening domestic scene.

Thursday will bring the latest data on UK inflation in the form of a March Retail Price Index number which Mr John Reynolds of County NatWest predicts could reach an annualised 7.9 per cent. Next week will also see data on UK producer prices and underlying earnings levels, while the corporate reporting list includes retail, property and construction companies, all likely sufferers from high interest rates in the UK.

### FINANCIAL TIMES STOCK INDICES

| | Apr 6 | Apr 5 | Apr 4 | Apr 3 | Apr 2 | Year Ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 77.45 | 77.64 | 77.25 | 76.82 | 76.68 | 88.08 | 84.20 (2/1) | 75.91 (21/3) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 86.32 | 86.53 | 86.17 | 86.02 | 86.08 | 97.24 | 92.91 (8/1) | 85.12 (23/3) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1740.2 | 1756.3 | 1749.7 | 1761.3 | 1748.1 | 1683.0 | 1968.3 (3/1) | 1740.2 (6/4) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 258.0 | 258.0 | 257.4 | 256.5 | 253.4 | 189.0 | 378.5 (6/2) | 253.4 (2/4) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2221.1 | 2239.5 | 2231.6 | 2240.7 | 2221.6 | 2045.7 | 2463.7 (3/1) | 2216.0 (6/3) | 2463.7 (3/1/90) | 986.9 (23/7/84) |
| Ord. Div. Yield | 5.13 | 5.08 | 5.10 | 5.07 | 5.12 | 4.56 | | | | |
| Earning Yld %(full) | 11.93 | 12.08 | 12.13 | 12.07 | 12.18 | 11.05 | | | | |
| P/E Ratio(Net)(☆) | 10.17 | 10.01 | 9.96 | 10.02 | 9.92 | 10.92 | | | | |
| SEAQ Bargns 4.45pm | 37,426 | 34,007 | 35,200 | 35,284 | 31,616 | 25,295 | | | | |
| Equity Turnover(£m)† | - | 1142.09 | 873.19 | 1007.10 | 836.57 | 1494.28 | | | | |
| Equity Bargains† | - | 36,888 | 38,130 | 39,241 | 32,430 | 30,098 | | | | |
| Shares Traded (ml)† | - | 464.4 | 476.2 | 521.4 | 432.6 | 570.6 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.07

**Ordinary Share Index, Hourly changes** Day's High 1758.7 Day's Low 1740.2

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1756.5 | 1754.7 | 1748.5 | 1748.6 | 1747.5 | 1747.4 | 1746.8 | 1747.1 | 1740.4 |

**FT-SE, Hourly changes** Day's High 2243.2 Day's Low 2221.0

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2243.0 | 2237.9 | 2229.0 | 2229.9 | 2228.9 | 2228.5 | 2227.3 | 2227.1 | 2221.4 |

### GILT EDGED ACTIVITY

| Indices* | Apr 5 | Apr 4 |
|---|---|---|
| Gilt Edged Bargains | 84.7 | 79.9 |
| 5-Day average | 82.4 | 83.4 |

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

## Flying start for Argos

Argos began life as a quoted stock yesterday with a hectic session's trading and provided almost the only spark in an otherwise dismal stores sector. The company, which has been spun off from Bat Industries as part of a demerger plan, opened at a price marginally lower than analysts had expected and immediately attracted buying interest. A strong two-way pull developed, with the shares rising to a peak of 209½p before trickling back to close at 202p. Trading was very busy with volume swelling to 44m shares.

Holders of shares in Bats had received one Argos share for every Bats held. This translated into what should have been a 40½p fall in Bats' quoted price at the close. The market signalled its approval of the deal by holding Bats well above that level for the morning session, the shares peaking at 767p. The stock was additionally supported by the latest round in the company's buy-in programme. It said that on Thursday it had bought 900,000 at 780p each.

Nevertheless, the price later eased with the market and on selling, said traders, by Bats shareholders who had kept the stock to secure their allocations of Argos. Bats ended the day at 743p, down 43 on Seaq screens and down 1½ ex Argos.

### Laing deals

Laing Properties rose 32 to 685p as P & O and Chelsfield raised their stake to 40.2 per cent from 30.2 in the ordinary shares and increased their holding of convertible loan stock to 53 per cent.

P & O and Chelsfield, which are making their hostile bid through a joint venture, Pall Mall, last month increased their bid to a final 725p a share. The offer closes on Thursday.

But analysts were still uncertain whether Pall Mall would succeed. Mr Alan Carter of Charterhouse Tilney: "I still wouldn't like to say whether this bid will be successful. On balance, I get the feeling that by Thursday afternoon they will be very close to 50 per cent."

The chances of Pall Mall succeeding were boosted by news that Stewards Company, one of the trust holders in Laing, had sold half of its stake. Stewards is one of the group of stockholders that included other trusts, directors and family, which were seen as key to blocking any bid attempt. Until Stewards' sale this group held 43 per cent of Laing. "It looks as if the cracks in the defence are starting to appear," one analyst said.

Turnover in Laing stood at 7.8m shares, and it closed 32 higher at 685p.

### Sugar talks

Speculation about the future of Berisford International heightened as Tate & Lyle announced that it was holding exploratory discussion about the feasibility of combining the two companies' sugar businesses.

Analysts said the news underlined the seriousness of Tate's intentions, but one added that this was "not a surprise but more a confirmation of its interest. Also, it's an attempt to get the market ready for a move in the not too distant future."

Turnover in Berisford, at 3.8m, was brisk as investors weighed up at what level Tate might bid. Earlier in the week, the suggestion had been that it would offer between 130p and 170p a share.

Mr Carl Short of Kitcat & Aitken said it was still too early to make an estimate as Tate had not yet completed its study of Berisford. Until then, he believed, Berisford would trade between 135p and 170p. Berisford closed 5 off at 143p, as talk of stakebuilding by Mr Larry Goodman, the Irish businessman, ceased. Tate was down 2 at 274p.

With the exception of Argos, stores were particularly hard hit in the market's broad slide. Among the worst performers, Boots continued to suffer in the wake of the departure of the managing director of Halfords. Sentiment was not helped by the announcement yesterday of plans to shed 500 managerial jobs at its chain of retail chemists. The shares fell 5 to 254p, making a two-day fall of 12. Turnover, however, was barely more than half Thursday's level, at 2.6m shares.

Fears that Next might announce that it is passing its dividend when year-end results are released on Tuesday hurt the shares badly. A loss is expected after exceptional write-offs warned of at the interim stage. The shares shed 7 to 83p.

S. G. Warburg were 2 easier at 477p after County NatWest said the recent performance of the shares offers an opportunity for profit-taking." County added that the good results "are largely discounted in the price and there must be question marks over the sustainability of earnings in 1990/1."

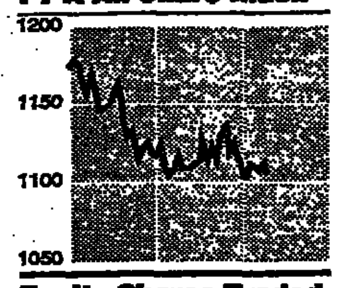
The oil and gas area attracted some heavy turnover, triggered partly by the latest slide in crude oil prices. Towards the close Brent crude for May delivery was some 35 cents lower at $17.75 a barrel, the first time it has dropped below the psychologically-important $18 a barrel mark this year. In late-January oil prices were in the region of $22.40 a barrel.

The oil price retreat, dealers said, was one reason for the sustained selling of BP in recent days. BP shares, unsettled since last week by stories of possible expansion in the US gas transmission market and worries about expenditure on the transatlantic pipeline, drifted off again to close a further 1½ easier at 317p. Turnover came out at 9.6m, bringing total shares traded over the week up to 54.4m.

Turnover in British Gas, 12m shares, outpaced that of BP, with dealers citing a profits downgrade by SG Warburg Securities as being behind some sizeable activity in the stock.

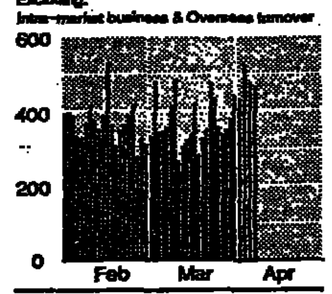
Warburg was said to have lowered its forecast of current-year net income from £990m to £950m and that for 1991 from £1.2bn to £1.14bn. The securities house is thought to be concerned about the possibility of a big acquisition, the forthcoming OFGAS review and is said to be looking at a target price of 180p for the shares. The upside potential in Gas has gone, Warburg is said to be telling fund. Gas closed easier at 205p, after 202p.

**FT-A All-Share Index**




**Equity Shares Traded**

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover




Shell dipped 5 to 447p on 5.1m and like BP suffered from weak oil prices.

Burmah Oil put on 6 more to 620p, still boosted by the 29.9 per cent stake in Premier Consolidated, which revealed an encouraging oil find in Thailand on Thursday, as well as its direct stake in a potentially big gas find in Sin province in Pakistan. Premier, suffering from minor profit-taking, eased a penny to 105p. Calor Group, associated with Burmah and Premier via its connexion with SHV, the Dutch group, and a very strong performer on Thursday, dipped 10 to 277p.

The water stocks continued to suffer from persistent selling by private investors and some institutions said by dealers to have been unnerved by the latest opinion poll which showed the Prime Minister as the most unpopular for 50 years.

The Water Package retreated to £1445 before steadying and closing a net 38 off at £1450. Of the individual stocks Anglian, where 1.3m shares changed hands, fell 7 to 148p, South West 6 to 152p and Wessex the same amount to to 146p. Severn Trent remained the most lowly rated stock, sliding 3½ to 129p. The most resilient performances came from North West Water, the newly-installed Footsie stock, which closed 1½ off at 150p on very good turnover of 4.1m, helped somewhat by switching out of Thames, the other water stock in the Footsie, and Welsh Water, 2 off at 170p, which continued to benefit from the Kleinwort buy note and some strong support from UBS Phillips & Drew.

In an otherwise dull brewing sector, Bass spent most of the session showing a gain of several pence. Mr Neil Junor at County NatWest WoodMac said that there were signs that the sale of the company's Crest hotel chain was going well. Bids closed on Friday last week.

The Bass price has been depressed in recent weeks on fears that a glut of hotels up for sale would hold down their value. Allied Lyons has offered its Embassy chain for sale too. Possible buyers for Crest are likely to be from the Continent, say analysts, with groups from France and Scandinavia as front runners. Bass eased just before the close to end a penny lower on the day at 937p. Trading was busy, with 1.2m shares changing hands.

The property sector continued to revive as Pall Mall increased its holding in Laing Properties. British Land added 13 to 381p on hopes of news of an improved bid offer. Hammerson "A" gained 9 to 729p as the steady buying of stock continued. Wates City of London Properties gained 12 to 200p on UK and overseas institutional interest.

Priest Marians dropped 20 to 210p as dealers marked prices down on worries that its high levels of gearing could deter potential bidders. "Any bid could come just above the current share price level. But given the current state of the market any bid would probably be greeted with relief," one analyst said. WCRS, whose results are due on April 10, rose sharply as a stock shortage gripped trading. The shares were 20 higher at one point before closing at 258p, a net improvement of 15.

The company has changed its accounting year-end two years in succession. Tuesday's profits – S. G. Warburg is expecting £40m – will be for the full year although the previous set of year-end figures was for the period to June 1989. Last year, WCRS completed the acquisition of French media buyer Carat, and Warburg is forecasting a £71m profit in the current year.

Christie's International firmed against the trend and despite publicity given to disappointing art sales conducted by another auction house earlier in the week. Yesterday Christie's told analysts that the first large impressionist sale of the season, on Monday, had sold lots worth £34.5m compared with £24.5m in 1989. The proportion of lots sold, 79 per cent was down on the previous year. The shares firmed a penny to 332p.

Pearson rose 13 to 684p. Volume was an above average 396,000 shares.

Two of the week's sharpest rising stocks, Reuters and British Aerospace, ran into end-of-account profit-taking. They fell 26 to 1129p and 9 to 519p respectively.

A spate of small sell orders knocked distribution company NFC back 8 to 207p. Dealers said that employees were liquidating on the first day of the new financial year. Costain were again a vulnerable market in the building sector, the shares sliding 10 to 255p, after 253p, as dealers became even more nervous about the group's preliminary figures expected on Wednesday. The consensus figure for Costain's pre-tax profits is still £70m but some analysts have pencilled in a lower number.

Concern over the government's poor showing in opinion polls, criticism over the cost of international telephone calls and a recent profits downgrade left British Telecom 2½ off at 263½p on turnover of 4.9m. Cable & Wireless remained under relentless pressure all week and dropped a further 13 yesterday to 500p on turnover of 2.7m.

Racal Electronics gave up 6 to 189p on 3.7m, still weakened by worries over a slowdown in cellular radio. But County NatWest rated the stock a trading buy, and said the shares had fallen too far after recent selling by US investors who have reduced their holdings from 330m shares (25 per cent) to 270m shares (20.9 per cent).

AB Electronics lost 9 more to 247p on further consideration of the shortfall in interim profits announced in midweek. Ferranti lost 2 to 44p on profit-taking.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9. Traditional Options Page 8.

### TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|
| ADT | 1 000 | 183 | -2 | Courtaulds | 646 | 320 | -5 |
| ASDA Group | 1,000 | 104 | -1 | Dalgety | 175 | 374 | +4 |
| Abbey National | 1,700 | 194 | -1 | Dixons | 3,800 | 119 | |
| Allied-Lyons | 1,000 | 430 | -6 | ECC Group | 1,500 | 357 | -10 |
| Amstrad | 3,100 | 70 | -1 | Enterprise Oil | 108 | 616 | -3 |
| Anglian Water | 1,300 | 148 | -7 | FKI | 1,900 | 67½ | -½ |
| Argyll Group | 2,100 | 208 | -1 | Ferranti | 2,600 | 44 | -2 |
| Ass. Brit. Foods | 94 | 388 | | Fisons | 2,300 | 340 | -5 |
| BAA | 811 | 386 | -5 | Gen. Accident | 419 | 1063 | -14 |
| BAT Inds. | 2,300 | 743 | -42 | General Elect. | 3,100 | 154 | -2 |
| BET | 569 | 222 | -1 | Glaxo | 2,000 | 785 | -13 |
| BICC | 1,700 | 445 | -2 | Globe Inv. | 1,000 | 165½ | -2½ |
| BOC | 463 | 520 | -9 | Glynwed Int. | 1,000 | 254 | +2 |
| BPB Inds. | 896 | 224 | | Granada | 618 | 257 | -3 |
| BTR | 2,300 | 414 | -6 | Grand Met. | 620 | 584 | -2 |
| Barclays | 1,500 | 572 | -6 | GUS A | 323 | 972 | -5 |
| Bass | 1,200 | 937 | -1 | GRE | 1,400 | 239 | -3 |
| Beazer | 749 | 144 | +1 | GKN | 1,700 | 410 | +2 |
| Berisford Int. | 3,800 | 143 | -5 | Guinness | 1,600 | 669 | -5 |
| Blue Circle | 1,100 | 212 | +2 | Hammerson 'A' | 454 | 729 | +9 |
| Boots | 2,600 | 254 | -5 | Hanson | 6,500 | 232½ | -3 |
| Brit. & Comm. | 1,500 | 58 | -2 | Hanson Warrants | 2,400 | 55 | -1 |
| Brit. Aerospace | 647 | 519 | -9 | Harrisons Cros. | 325 | 160 | +2 |
| British Airways | 1,000 | 200 | | Hawker Sidd. | 150 | 608 | -2 |
| British Gas | 12,000 | 205 | -½ | Hillsdown | 2,200 | 230 | +3 |
| British Land | 734 | 381 | +13 | IMI | 116 | 227 | -1 |
| BP | 9,600 | 317 | -1½ | ICI | 639 | 1084 | -11 |
| British Steel | 5,730 | 142 | -2 | Inchcape | 759 | 265 | |
| British Telecom | 4,900 | 263½ | -2½ | Kingfisher | 2,800 | 288 | -4 |
| Bunzl | 1,200 | 96 | -1 | Ladbroke | 930 | 287 | -2 |
| Burmah Oil | 386 | 620 | +6 | Land Securities | 557 | 437 | +2 |
| Burton | 1,500 | 162 | -2 | Laporte | 38 | 527 | +1 |
| Cable & Wire. | 2,700 | 500 | -13 | Legal & General | 929 | 377 | -4 |
| Cadburys | 590 | 324 | -4 | Lloyds Abbey | 630 | 309 | -2 |
| Calor Group | 190 | 277 | -10 | Lloyds Bank | 2,000 | 286 | -3 |
| Carlton Comms | 560 | 539 | -5 | LASMO | 585 | 601 | -2 |
| Coats Viyella | 1,000 | 125 | -1 | Lonrho | 1,500 | 263 | -3 |
| Comm. Union | 436 | 459 | -3 | Lucas | 181 | 618 | -1 |
| Cookson | 835 | 190 | -2 | MB Group | 409 | 200 | -1 |

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|
| MEPC | 133 | 509 | +3 | Slough Ests | 501 | 207 | |
| Manpower | 477 | 85 | -1 | Smith (W.H.) A | 211 | 288 | -2 |
| Marks & Spencer | 3,400 | 198½ | -1½ | Smith & Nephew | 1,600 | 121 | -1½ |
| Maxwell Comm. | 491 | 136 | | SmKl Beecham | 1,300 | 495 | -8 |
| Mecca Leisure | 2,200 | 72 | -3 | SmKl Beecham Units | 24 | 2276 | -27 |
| Midland Bank | 382 | 398½ | -4½ | Smiths Inds | 50 | 233 | -2 |
| NatWest Bank | 1,100 | 345 | -6 | South West Water | 145 | 152 | -6 |
| Next | 8,300 | 83 | -7 | Southern Water | 141 | 138 | -4 |
| North West Water | 4,100 | 150 | -1½ | Standard Chartd. | 952 | 537 | -6 |
| Northern Foods | 127 | 295 | -2 | Storehouse | 1,000 | 115 | -1 |
| Northumbrian Water | 413 | 158 | -2 | Sun Alliance | 555 | 307 | -5 |
| Pearson | 396 | 684 | +13 | Sun Life | 278 | 1278 | -5 |
| P & O | 1,100 | 585 | -8 | T&N | 697 | 168 | +1 |
| Pilkington | 625 | 206 | -3 | TI Group | 384 | 453 | -3 |
| Polly Peck Intl. | 1,000 | 378 | -7 | TSB | 3,300 | 134½ | -1½ |
| Prudential | 3,600 | 205 | | Tarmac | 593 | 227 | +2 |
| RHM | 151 | 365 | -1 | Tate & Lyle | 306 | 274 | -2 |
| RMC | 782 | 629 | +8 | Taylor Woodrow | 785 | 252 | +2 |
| RTZ | 1,600 | 541 | +2 | Tesco | 4,000 | 197 | -1 |
| Racal | 3,700 | 189 | -6 | Thames Water | 1,500 | 138 | -4 |
| Racal Telecom | 353 | 346 | -4 | THORN EMI | 733 | 657 | -8 |
| Rank Org. | 430 | 742 | -6 | Trafalgar House | 441 | 317 | -1 |
| Reckitt & Colman | 65 | 1169 | -1 | Trusthouse Forte | 990 | 261 | -4 |
| Redland | 273 | 545 | -2 | Ultramar | 972 | 307 | -3 |
| Reed Intl. | 1,800 | 400 | -2 | Unigate | 384 | 289 | +1 |
| Reuters | 884 | 1129 | -26 | Unilever | 2,200 | 663 | +1 |
| Rolls Royce | 2,500 | 183 | -1 | United Biscuits | 849 | 324 | +3 |
| Rothmans | 52 | 635 | +4 | Utd. Newspapers | 421 | 347 | -1 |
| Ryl Bk Scotland | 687 | 188 | -1 | Water Package Uts. | 6 | £1450 | -38 |
| Royal Insurance | 456 | 463 | -7 | Wellcome | 384 | 711 | -4 |
| STC | 1,500 | 263 | +7 | Welsh Water | 1,800 | 170 | -2 |
| Saatchi | 683 | 122 | -5 | Wessex Water | 410 | 146 | -6 |
| Sainsbury | 633 | 243 | -1 | Whitbread 'A' | 398 | 377 | -4 |
| Scottish & New. | 1,100 | 289 | +3 | Williams Hldgs. | 283 | 253 | -5 |
| Sears | 1,900 | 94 | -1 | Willis Faber | 387 | 263 | +3 |
| Sedgwick | 1,100 | 248 | | Wimpey | 148 | 241 | -1 |
| Severn Trent Water | 712 | 129 | -3½ | Yorkshire Water | 960 | 184 | -3 |
| Shell Transport | 5,200 | 447 | -5 | | | | |
| Siebe | 25 | 459 | -1 | | | | |

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

### NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (28).
BRITISH FUNDS (4) BANKS (1) BREWERS (1) BUILDINGS (2) CHEMICALS (2) ELECTRICALS (1) ENGINEERING (1) FOODS (2) INDUSTRIALS (3) Ramco Oil, Sanders & Sidney, Vinten, INSURANCE (1). NEWSPAPERS (1) PAPERS (1) PROPERTY (4) TRUSTS (1) OILS (1) THIRD MARKET (1).

NEW LOWS (215).
AMERICANS (3) BANKS (2) BREWERS (10) BUILDINGS (16) CHEMICALS (4) STORES (12) ELECTRICALS (12) ENGINEERING (13) FOODS (8) HOTELS (2) INDUSTRIALS (30) Alexandra Workwear, Anglo Utd., BTS, Bardon, Bespak, Black (P.), Boots, Brammer, Bridgend, CH Inds., Clayhithe, Cornwell Parker "A", Corton Beach, Cosalt, Courtney Pope, Courtwell, Dean & Bowes, ECC, EIS, Grampian, Granada, Grovewood, Halma, Hartons 7pc PL, Metsec, Parkfield, Photo-Me, Porter Chadburn, Ricardo, Ropner, Securicor, Do "A" N/V, Security Servs., Tamaris, Do 8½pc Cm. PL, Unigroup, West Inds., Whitecroft, Wilshaw, INSURANCE (3) LEISURE (7) MOTORS (5) NEWSPAPERS (8) PAPERS (8) PROPERTY (11) SOUTH AFRICANS (1) TEXTILES (5) TRANSPORT (3) TRUSTS (23) WATER (6) OILS (5) OVERSEAS TRADERS (2) MINES (9) THIRD MARKET (8).

### RISES AND FALLS

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 15 | 72 | 10 | 317 | 105 | 83 |
| Corps. Dom. & Foreign Bonds | 4 | 7 | 17 | 35 | 8 | 89 |
| Industrials | 266 | 493 | 832 | 1,447 | 2,269 | 4,246 |
| Financial and Props | 162 | 215 | 349 | 745 | 977 | 1,860 |
| Oils | 25 | 28 | 38 | 121 | 142 | 196 |
| Plantations | 0 | 0 | 10 | 1 | 9 | 40 |
| Mines | 31 | 40 | 86 | 174 | 233 | 378 |
| Others | 78 | 80 | 87 | 337 | 417 | 496 |
| Totals | 582 | 935 | 1,429 | 3,177 | 4,161 | 7,368 |

### LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday April 5 1990

| | | | | | |
|---|---|---|---|---|---|
| Agencies | + | 3.68 | Property | - | 7.92 |
| Packaging & Paper | + | 2.96 | Oil & Gas | - | 8.24 |
| Metals & Metal Forming | + | 1.01 | Brewers and Distillers | - | 8.25 |
| Banks | - | 1.46 | Capital Goods | - | 8.34 |
| Conglomerates | - | 1.73 | Consumer Group | - | 8.47 |
| Water | - | 2.81 | Building Materials | - | 9.36 |
| Food Retailing | - | 3.55 | Food Manufacturing | - | 9.70 |
| Chemicals | - | 3.59 | Motors | - | 9.80 |
| Engineering-General | - | 3.91 | Other Industrial Materials | - | 10.18 |
| Merchant Banks | - | 5.09 | Insurance(Life) | - | 10.48 |
| Transport | - | 5.84 | Engineering-Aerospace | - | 10.53 |
| Other Groups | - | 5.85 | Contracting,Construction | - | 10.66 |
| Health & Household Products | - | 6.19 | Investment Trusts | - | 12.29 |
| Financial Group | - | 6.72 | Telephone Networks | - | 12.35 |
| Stores | - | 6.84 | Insurance(Brokers) | - | 13.26 |
| Textiles | - | 7.21 | Insurance(Composite) | - | 13.43 |
| Electricals | - | 7.51 | Publishing & Printing | - | 14.00 |
| Industrial Group | - | 7.65 | Overseas Traders | - | 15.23 |
| Electronics | - | 7.69 | Gold Mines Index | - | 16.53 |
| 500 Share Index | - | 7.73 | Leisure | - | 17.78 |
| All Share Index | - | 7.78 | | | |

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 10.000 | 4/93 | 92-11 | -05/32 | 13.16 | 13.39 | 13.25 |
| | | 10.500 | 5/99 | 90-08 | -12/32 | 12.29 | 12.47 | 12.22 |
| | | 9.000 | 10/08 | 82-10 | -14/32 | 11.29 | 11.43 | 11.14 |
| US TREASURY * | | 8.500 | 02/00 | 98-27 | +09/32 | 8.52 | 8.61 | 8.56 |
| | | 8.500 | 02/20 | 100-04 | +12/32 | 8.49 | 8.59 | 8.57 |
| JAPAN | No 119 | 4.800 | 6/99 | 86.3309 | -0.279 | 7.28 | 7.34 | 7.22 |
| | No 2 | 5.700 | 3/07 | 88.0099 | +0.003 | 7.28 | 7.28 | 6.88 |
| GERMANY | | 7.125 | 12/99 | 90.6300 | -0.720 | 8.58 | 8.37 | 8.92 |
| FRANCE | BTAN | 9.000 | 02/95 | 96.2932 | -0.106 | 9.98 | 10.12 | 10.66 |
| | OAT | 8.500 | 03/00 | 93.4400 | -0.070 | 9.54 | 9.53 | 10.24 |
| CANADA * | | 9.250 | 12/99 | 87.1000 | -1.000 | 11.49 | 11.20 | 10.72 |
| NETHERLANDS | | 7.750 | 01/00 | 93.1800 | -0.690 | 8.81 | 8.64 | 9.15 |
| AUSTRALIA | | 12.000 | 7/99 | 92.4645 | +0.299 | 13.43 | 13.42 | 13.45 |

London closing. *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

# COMMODITIES

## WEEK IN THE MARKETS

## Cocoa sentiment turns bullish

SENTIMENT – that all-important but indefinable ingredient – appears to have changed in the cocoa market over the past week.

The July contract on the London Futures and Options Exchange (Fox) closed yesterday at £849 a tonne, a rise of £68 on the week, and a long way from the 14-year low of £622 struck on the February 8.

The market has now broken out of its bearish chart patterns, one analyst said this week. Everybody is buying, and countries of origin do not have much to sell.

The rise has coincided with the staging last week of the most successful meeting of the International Cocoa Organisation for more than two years. Delegates agreed to extend the pact for two years from September with no economic provisions, removing the possibility that the 250,000-tonne buffer stock would begin to come onto the market.

This is a non-bearish rather than a bullish factor, but it may well have played its part in engineering a change in sentiment. However, other factors are involved.

Not least is the continuing political uncertainty in the Ivory Coast, the world's biggest producer. Earlier this week a march organised in Abidjan, the capital, in support of President Felix Houphouet-Boigny turned violent, and yesterday police were again in action using tear gas and stun grenades against high school student protesters. The cocoa trade is worried that shipments of cocoa might be disrupted by strikes.

In addition, dry weather in both West Africa and Brazil has raised fears of possible damage to crops, suggesting a smaller-than-expected world surplus of cocoa this season.

The situation in Brazil, following the economic reforms of President Fernando Collor de Mello, is being keenly watched, not only by the cocoa market, but also by the coffee and sugar markets. Shipments of nearly all commodities have been halted since the introduction of the President's anti-inflation policies on March 15.

However, the position should become clearer next week when Mr Joao da Cunha, the country's Assistant National Economy Secretary, is expected to unveil details of policies to sweep away existing controls and deregulate all commodity exports.

On the LME copper prices surged on Monday as LME warehouse stocks fell by nearly 13,000 tonnes to a 22-month low of 59,125 tonnes. The sharp fall showed that widespread labour disputes, technical problems and terrorist campaigns are having a serious impact on the western world's copper supplies.

Mr Robin Bhar, metals analyst with the W.I. Carr financial services group, said demand was reasonably good, while worldwide supply problems were likely to cut production by about 500,000 tonnes this year. This is a large figure in comparison with total world output at about 8.5m tonnes a year, and compares with losses of about 300,000 tonnes last year.

However, later on Monday the froth was knocked off the rise on New York's Comex on news that the unofficial strike at Highland Valley, one of the biggest copper mines in North America, had been called off.

Prices in both London and New York have drifted down throughout the week. On Wednesday a major recent supporting factor appeared to have been removed when workers at Southern Peru Copper, which produces about two-thirds of Peru's copper, were reported to have voted to end their four-week strike. But yesterday a Southern Peru official said the strike was still on and there was no sign of a near-term settlement, prompting a rise in Comex prices back above 120 cents a lb by midsession.

Cash copper on the LME closed yesterday at £1,651 a tonne, a fall of £2 on the week.

The only significant gainer on the LME this week has been zinc, which closed yesterday at $1,704.50 a tonne, a rise of $79 on the week. The rise has been driven by concern over developing tightness of supplies available for delivery in June, which has widened the premium for cash metal over three-month to $106 a tonne from $52.50 on Monday.

The Baltic Freight Index (BFI), which is used as the basis of the Baltic Futures Exchange's dry freight cargo futures contract, fell to 1,466 yesterday – its 20th consecutive fall. Futures prices have retreated with the index, which has fallen by 160 points in four weeks.

The fall is surprising because spring is the time of year when dry cargo freight rates usually rise as the last of the year's grain trades are shipped. Last May the BFI rose to 1,750 points in mid-May.

Analysts blamed the fall on the fact that both the Soviets and the Japanese have not been moving as much grain as usual. The coal and iron ore trades were also said to be dull.

However, prices were not expected to fall much further.

**David Blackwell**

# APPOINTMENTS

## Timeshare watchdog

TIMESHARE DEVELOPERS ASSOCIATION has appointed Mr John Saxby (above) as independent arbitrator to oversee disciplinary action against member companies accused of breaking the TDA's rules and code of practice.

■ Mr Hugh Ward has been appointed a director of Capital House Portfolio Managers, and Mr Tim Barker becomes a director of Capital House International Investment Management. Capital House is part of THE ROYAL BANK OF SCOTLAND.

■ Mr Stuart Selwyn has been appointed marketing director of G.C. FLOORING & FURNISHINGS from June 4. He joins the company from the French Connection Group.

■ Mr Douglas Plant, assistant general manager, SOCIETE GENERALE, London branch, has been appointed foreign exchange and treasury manager at head office in Paris. He is succeeded by Mr Alain Clot with overall responsibility for treasury and capital markets. Mr Peter Medlock has been promoted to foreign exchange and treasury manager.

■ Mr George Roy has been appointed deputy managing director of ROYLE COMMUNICATIONS. He joins from Shearson Lehman where he was a director of corporate finance.

■ Mr Brian Cotter has become managing director and chairman of PLASTICABLE, following the death of Mr R.E. Stock.

■ GOODMANS, Havant, part of TGI, has appointed Mr E.A. Cappleman as manufacturing director, and Mr S. Scaife as engineering director.

■ Following the acquisition of the trading subsidiaries of MTS International by BODYCOTE INTERNATIONAL, Mr Richard Bailey has been appointed to the board. He was managing director of MTS.

■ AMBASSADOR SECURITY GROUP has appointed to the board Mr Bruce Hiscock, commercial director.

■ Mr David Cairns, managing director of Markheath Construction, has joined the board of MARKHEATH SECURITIES.

■ Mr Christopher Hale, Mr Duncan Ord-Hume, Mr Michael Davidson-Houston, and Mr Nigel Trollope have been appointed to the main board of JARDINE THOMPSON GRAHAM, reinsurance broking subsidiary of Jardine Reinsurance Holdings.

■ Mr Brian Cooper has been appointed a non-executive director of PHILIP HARRIS HOLDINGS. He is managing director of N.G. Bailey & Co.

■ B.S.G. INTERNATIONAL has made the following appointments in its vehicle distribution and leasing division: Mr Laurie Evans, deputy managing director, is promoted to managing director of Bristol Street Motors (Cheltenham), succeeding Mr Paul Williams, who becomes managing director, Bristol Street Motors, Birmingham.

■ Mr Tim Hollier has been appointed to the board of WEST INDUSTRIES. Former president and co-founder of Filmtrax, he is now managing director of Allied West Entertainments.

MORTGAGE SYSTEMS has appointed Mr Michael Barley (above) as managing director. He was operations director.

■ APOLLO WATCH PRODUCTS has appointed Mr Anthony Thomas as group financial director, and Mr Edward Hunter as production director, succeeding Mr Ernie Odell, who has retired.

■ MIDLANDS ELECTRICITY, newly-vested successor to Midlands Electricity Board, has made two appointments. Mr Michael Hughes, (above) deputy managing director of GEC Alsthom power transmission and distribution division, will join the main board as executive director engineering; and Mr Roger Gill, formerly director of strategic planning, Plessey Company, becomes business development director.

■ N.M. ROTHSCHILD & SONS has appointed Mr Nicholas A. Field-Johnson as executive director responsible for European mergers and acquisitions. He was head of M&A at Dresdner Bank in London.

■ PANNELL KERR FORSTER has appointed Mr Tim Patterson, a partner in the Worcester office, as national director of business advisory services. Before joining the firm in 1986, he was a finance director with Imperial Metal Industries.

■ Mr Nigel Griffiths, company secretary, has been promoted to the boards of SECURICOR GROUP and Security Services.

# FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

## AUTHORISED UNIT TRUSTS

### Norwich Union Tst Managers (1200)H
PO Box 124, 51/59 Rose Lane, Norwich 0603 682294

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Master Trust | 6 | 93.41 | 93.41 | 99.36 | +1.14 | 2.41 |
| UK Equity† | 6 | 93.26 | 94.78xd | 100.83 | -0.03 | 4.16 |
| UK Equity Income | 6 | 94.10 | 95.54 | 101.64 | +0.05 | 6.23 |
| UK Smaller Co's | 6 | 85.63 | 89.18 | 94.87 | +0.08 | 3.07 |
| UK Equity Growth | 6 | 89.04 | 90.94xd | 96.74 | -0.06 | 3.25 |
| UK Index Tracking ♦ F | 6 | 96.71 | 97.52xd | 103.75 | +0.30 | 4.52 |
| International | 6 | 160.18 | 162.14 | 172.49 | +2.85 | 0.66 |
| European | 6 | 150.94 | 153.32 | 163.10 | +2.65 | 0.43 |
| Nth American | 6 | 112.41 | 113.53 | 120.78 | +0.29 | 2.18 |
| Nth Amer Smlr Cos | 6 | 88.04 | 89.86 | 95.60 | +0.35 | 0.00 |
| Japanese | 6 | 74.10 | 74.78 | 79.55 | +0.15 | 0.00 |
| Pacific | 6 | 126.06 | 127.44 | 135.57 | +1.52 | 1.89 |
| South East Asian | 6 | 103.20 | 105.10xd | 111.81 | +0.25 | 2.74 |
| International Bond | 6 | 94.45 | 94.69 | 100.73 | +0.42 | 8.17 |
| Gilt & Convertible | 6 | 88.50 | 88.97 | 94.65 | -0.37 | 10.82 |

### PK English Trust (Inv Man) Ltd (1000)F
12 Carthusian St, London EC1M 6EB 01-796 1200

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American* | 4 | 63.61 | 63.61 | 66.41 | — | 0.0 |
| Far Eastern* | 4 | 173.28 | 173.28 | 180.21 | — | 0.1 |
| Growth* | 4 | 179.71 | 181.98 | 192.97 | — | 4.1 |
| Income* | 4 | 133.28 | 134.90 | 143.73 | — | 6.1 |
| Scandinavian* | 4 | 75.78 | 75.78 | 78.81 | — | 0.3 |

† Dealing Day: Wed. *Dealing day: Thurs.

### Pearl Unit Trusts Ltd (1000)H
PO Box 500, Thorpe Wood, Peterborough PE3 6GD
Dealing: 0800 626577 Enquiries: 0733 67767

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Growth | 5 | 113.4 | 115.8 | 121.9 | +0.4 | 3.41 |
| (Accum Units) | 5 | 180.7 | 184.6 | 194.3 | +0.6 | 3.41 |
| Income | 6 | 169.1 | 172.2xd | 183.2 | +0.1 | 4.67 |
| Equity | 6 | 172.4 | 175.3 | 186.4 | +0.3 | 3.25 |
| (Accum Units) | 6 | 325.1 | 330.6 | 351.7 | +0.7 | 3.25 |
| Intl Equity | 6 | 174.0 | 176.2 | 187.4 | +2.0 | 1.99 |
| (Accum Units) | 6 | 183.0 | 185.2 | 197.0 | +2.1 | 1.99 |
| UK Income | 6 | 46.60 | 47.57 | 50.39 | -0.04 | 4.61 |
| UK Intl 25 | 6 | 46.56 | 47.14 | 50.15 | +0.13 | 2.85 |

Institutional Funds

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| UK Equity Apr 4 F | 2 | 343.6 | 351.0 | 360.0 | -1.50 | 3.79 |
| (Accum Units) F | 2 | 581.3 | 594.0 | 609.2 | -2.40 | 3.79 |
| Amer Sm Cos Equity | 2 | 53.61 | 54.09xd | 55.48 | -0.28 | 0.00 |
| (Accum Units) | 2 | 54.04 | 54.53xd | 55.93 | -0.23 | 0.00 |

### Merlin Jupiter Unit Tst Mgrs Ltd (0905)F
197 Knightsbridge, London SW7 1RB 01-581 3020

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Cap | 5 | 101.1 | 104.3 | 110.9 | +0.7 | 0.91 |
| Income | 5 | 89.48 | 90.93 | 96.73 | -0.01 | 4.38 |
| Resources & General | 5 | 114.7 | 116.3 | 123.7 | -0.1 | 2.61 |
| Special Sits | 5 | 32.66 | 33.86 | 36.02 | +0.29 | 3.72 |
| International | 5 | 56.11 | 56.11 | 59.69 | -0.12 | 2.89 |
| Ecology | 5 | 59.49 | 59.49xd | 63.25 | -1.21 | 1.90 |

### Savings Corporation Cap Plans Ltd (1100)H
Central Court, Orpington, Kent BR6 0JA
(Callfree) Private Clients: 0800 456 678
(Callfree) BGF/Discretionary Manager: 0800 456 639
(Callfree) Intermediary: 0800 456 666

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| UK Blue Chip | 6 | 49.34 | 49.96xd | 53.15 | +0.33 | 2.51 |
| North American | 6 | 56.54 | 56.71 | 60.33 | -0.07 | 0.85 |
| European | 6 | 63.99 | 64.99 | 69.14 | +0.92 | 0.35 |
| Far East & Pacific | 6 | 57.13 | 58.46 | 62.19 | +0.08 | 1.00 |
| Japan | 6 | 34.94 | 35.50xd | 37.77 | +1.97 | 0.00 |
| Overseas F | 6 | 45.78 | 46.61 | 49.58 | +0.82 | 0.33 |
| Gilt Income F | 6 | 44.64 | 44.64xd | 47.35 | -0.01 | 9.86 |
| Gilt Growth F | 6 | 48.70 | 48.70 | 51.66 | +0.04 | 7.04 |
| UK Small Co's | 6 | 39.99 | 41.98 | 44.66 | +0.07 | 2.23 |
| City Reserve F | 1 | 53.43 | 53.43 | 53.97 | +0.02 | 13.70 |
| Global Opps F | 6 | 56.60 | 57.73 | 61.41 | +0.59 | 0.00 |
| Harbour F | 0 | 53.96 | 53.96 | 53.96 | +0.02 | 13.81 |
| Zenith F | 6 | 47.50 | 47.94 | 51.00 | +0.3 | 4.00 |
| UK Equity Income | 6 | 47.29 | 47.92 | 50.98 | +0.16 | 5.89 |
| Nectar F | 6 | 43.85 | 44.57 | 47.41 | +0.56 | 0.95 |

### Schroder Unit Trusts Ltd (1600)F
36 Old Jewry, London EC2R 8BS
Public Dlg: 01-606 8484 Broker Dlg: 01-606 0033
General Enquiries: 01-382 3800

Retail Funds

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American | 5¼ | 152.1 | 152.8 | 162.5 | -0.30 | 1.72 |
| (Accum Units) | 5¼ | 161.1 | 161.8 | 172.1 | -0.30 | 1.72 |
| Australian | 5¼ | 121.5 | 124.2 | 132.1 | +1.70 | 1.97 |
| (Accum Units) | 5¼ | 137.1 | 140.0 | 148.9 | +1.80 | 1.97 |
| Enterprise | 5¼ | 125.4 | 127.1 | 135.2 | -0.70 | 4.17 |
| (Accum Units) | 5¼ | 131.5 | 133.3 | 141.8 | -0.70 | 4.17 |
| European Gwth | 5¼ | 56.38 | 56.84 | 60.46 | +0.34 | 1.65 |
| (Accum Units) | 5¼ | 56.38 | 56.84 | 60.46 | +0.80 | 1.65 |
| Euro Smllr Cos | 5¼ | 56.88 | 57.44 | 61.10 | +0.65 | 0.38 |
| (Accum Units) | 5¼ | 56.89 | 57.44 | 61.10 | +0.65 | 0.38 |
| Far Eastern Gwth | 5¼ | 47.57 | 47.91 | 50.96 | +0.20 | 0.00 |
| (Accum Units) | 5¼ | 47.57 | 47.91 | 50.96 | +0.20 | 0.00 |
| Fixed Interest | 5¼ | 42.84 | 42.84xd | 45.13 | -0.19 | 10.68 |
| (Accum Units) | 5¼ | 43.78 | 43.78 | 46.11 | -0.19 | 10.68 |

## GUIDE TO UNIT TRUST PRICING

**INITIAL CHARGES**
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

**OFFER PRICE**
The price at which units may be bought.

**BID PRICE**
The price at which units may be sold.

**CANCELLATION PRICE**
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

**TIME**
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours, ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

**HISTORIC PRICING**
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

**FORWARD PRICING**
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

**SCHEME PARTICULARS AND REPORTS**
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Thornton Unit Managers Ltd (1000)F** | | | | | | |
| 33 Cavendish Sq., London W1M 7HF 01-493 7262 | | | | | | |
| Dealing 01-493 8545 | | | | | | |
| American Opps | 5 | 52.65 | 52.91 | 56.43 | +0.34 | 0.20 |
| (Accum Units) | 5 | 53.56 | 54.45 | 58.07 | +0.49 | 0.20 |
| European Opps | 5 | 78.29 | 78.56 | 83.79 | +0.68 | 0.00 |
| (Accum Units) | 5 | 78.72 | 79.00 | 84.25 | +0.68 | 0.00 |
| Far Eastern Opps | 5 | 131.60 | 131.90xd | 140.69 | +1.24 | 0.00 |
| (Accum Units) | 5 | 132.44 | 132.75xd | 141.59 | +1.25 | 0.00 |
| Golden Opps | 5 | 39.76 | 39.76 | 42.40 | -0.15 | 0.00 |
| (Accum Units) | 5 | 40.90 | 40.90 | 43.62 | -0.15 | 0.00 |
| Intl Hi-Yield | 5 | 59.63 | 59.65 | 63.62 | +0.28 | 4.33 |
| (Accum Units) | 5 | 65.00 | 65.02 | 69.35 | +0.30 | 4.33 |
| Sanyo Japan Tst | 5 | 61.22 | 61.22 | 65.29 | +1.96 | 0.00 |
| (Accum Units) | 5 | 61.22 | 61.22 | 65.29 | +1.96 | 0.00 |
| Kangaroo | 5 | 30.31 | 30.31 | 32.32 | +0.06 | 1.29 |
| (Accum Units) | 5 | 30.48 | 30.48 | 32.50 | +0.06 | 1.29 |
| Oriental Income | 5 | 32.89 | 32.94xd | 35.13 | +0.13 | 4.98 |
| (Accum Units) | 5 | 37.37 | 37.43xd | 39.92 | +0.15 | 4.98 |
| Pacific Technology | 5 | 60.99 | 60.99xd | 65.05 | +1.28 | 0.00 |
| (Accum Units) | 5 | 61.49 | 61.49xd | 65.57 | +1.29 | 0.00 |
| Tiger | 5 | 149.84 | 149.84 | 159.82 | +0.84 | 0.69 |
| (Accum Units) | 5 | 152.17 | 152.17 | 162.31 | +0.85 | 0.69 |
| UK Hi-Yield | 5 | 43.46 | 43.46 | 46.35 | +0.20 | 4.95 |
| (Accum Units) | 5 | 49.70 | 49.70 | 53.00 | +0.23 | 4.95 |
| UK Opps | 5 | 53.74 | 56.29 | 60.20 | -0.25 | 0.70 |
| (Accum Units) | 5 | 58.47 | 61.25 | 65.50 | -0.28 | 0.70 |
| **Three Counties Asset Mngmt Ltd (1430)F** | | | | | | |
| Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034 | | | | | | |
| Balanced Portfolio | 6 | 91.05 | 92.67 | 98.58 | -0.16 | 4.00 |
| **Timberlake Unit Trust Mngrs Ltd (0900)F** | | | | | | |
| 1 White Hart Yard, London SE1 1NX 01 407 5966 | | | | | | |
| Portfolio | 2 | 97.44 | 97.44 | 100.3 | +0.42 | 1.2 |
| **Touche Remnant Unit Tst Mngt Ltd (1600)F** | | | | | | |
| Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250 | | | | | | |
| 4 Hourly Pricing—12 Noon Historic | | | | | | |
| TR American Grth | 5¼ | 47.52 | 47.52xd | 50.68 | +0.26 | 0 |
| TR Eur Sp Sits Acc | 5¼ | 44.59 | 44.59 | 47.49 | +0.38 | 0 |
| TR Eur Sp Sits Inc | 5¼ | 43.72 | 43.72xd | 46.56 | +0.36 | 0 |
| TR Far East Opps Inc | 5¼ | 23.62 | 23.62 | 24.92 | -0.03 | – |
| TR Far East Opps Acc | 5¼ | 23.62 | 23.62 | 24.92 | -0.03 | – |
| TR General Growth | 5¼ | 72.73 | 72.73 | 77.37 | -0.52 | 2.64 |
| TR Global Tech | 5¼ | 73.73 | 73.73 | 78.64 | +0.75 | 0 |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **NM Rothschild Asset Management Ltd** | | | | |
| NC Managed | 56.7 | 60.4xd | +0.1 | 3.79 |
| NC Property | 191.9 | 204.7xd | – | – |
| **J. Rothschild Fund Managers Ltd** | | | | |
| Intl Exempt | 142.9 | 144.4 | – | 3.58 |
| **Stewart Ivory & Co Ltd** | | | | |
| Saints PPP Mar 14 | 255.5 | 269.0 | – | 0.00 |
| Closed to new business | | | | |
| **Thornton Unit Managers Ltd** | | | | |
| Managed Exempt Apr 2 | 100.80 | 107.47xd | – | 3.85 |
| (Accum Units) | 101.58 | 108.31xd | – | 3.65 |
| **Touche Remnant Unit Tst Mngt Ltd** | | | | |
| TR Exempt European | 1198 | 1214 | – | 1.49 |
| TR Exempt Nth Amer | 977 | 989 | – | 3.29 |
| TR Exempt Pac Basin | 835 | 847 | – | 0 |

# INSURANCES

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **AA Friendly Society** | | | | |
| Investment Mngt M & G Inv Mngt Ltd | | | | |
| AA Friendly Sy Mar 9 | – | 149.5 | – | – |
| **Abbey Life Assurance Co Ltd** | | | | |
| 80 Holdenhurst Road, Bournemouth 0202 292373 | | | | |
| Prop. Ser. 1 | 298.6 | 314.4 | – | – |
| Equity Ser. 1 | 127.7 | 134.5 | -0.1 | – |
| Prop. Acc. Ser 2 | 460.3 | 484.6 | – | – |
| Equity Ser 2 | 148.2 | 156.1 | – | – |
| Selection Acc | 339.8 | 357.7 | -0.1 | – |
| Prop. Ser. 4 | 360.4 | 379.4 | – | – |
| Equity Ser. 4 | 151.7 | 159.7 | -0.1 | – |
| Man. Ser. 4 | 434.9 | 457.8 | +0.6 | – |

# OTHER UK UNIT TRUSTS

Continued on next page

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| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **National Financial Management Corp PLC** | | | | |
| 72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539 | | | | |
| Life Funds | | | | |
| Managed Cautionary | 101.9 | 107.3 | +0.3 | – |
| Managed Growth | 137.4 | 144.7 | −0.1 | – |
| Managed Opportunity | 139.9 | 147.3 | −0.2 | – |
| NFMC Target Financial | 100.9 | 106.3 | +0.4 | – |
| Pension Funds | | | | |
| Managed Cautionary | 106.7 | 112.4 | +0.4 | – |
| Managed Growth | 141.5 | 149.0 | −0.1 | – |
| Managed Opportunity | 141.7 | 149.2 | −0.1 | – |
| NFMC Target Mngd Pen. | 1492.2 | 1570.8 | +7.0 | – |
| **National Mutual Life** | | | | |
| The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422 | | | | |
| Managed Fund | 219.9 | 231.5 | .... | – |
| Managed Property Fund | 184.5 | 194.3 | .... | – |
| Pens Managed | 287.8 | 303.0 | .... | – |
| Pens UK Equity | 334.8 | 352.5 | .... | – |
| Pens Overseas Equity | 409.1 | 430.7 | .... | – |
| Pens Property | 148.1 | 155.9 | .... | – |
| Pens Fixed Interest | 169.9 | 178.9 | .... | – |
| Pens Index Linked | 143.0 | 150.6 | .... | – |
| Pens Deposit | 192.9 | 203.1 | .... | – |
| Harvester & P.R.P. | | | | |
| UK Equity | 146.3 | 154.1 | .... | – |
| Overseas Equity | 146.4 | 154.2 | .... | – |
| Fixed Interest | 116.1 | 122.3 | .... | – |
| Property | 123.3 | 129.8 | .... | – |
| Index Linked | 130.0 | 136.9 | .... | – |
| Deposit | 133.9 | 141.0 | .... | – |
| Managed | 145.0 | 152.7 | .... | – |
| With Profits | 136.8 | 144.0 | .... | – |
| **National Provident Institution** | | | | |
| 48 Gracechurch St, London EC3P 3HH 01-623 4200 | | | | |
| Managed | 335.2 | 352.9 | +0.6 | – |
| UK Equity | 423.7 | 446.0 | .... | – |
| Overseas Eq | 356.0 | 374.8 | +2.4 | – |
| American | 267.1 | 281.2 | +0.1 | – |
| Far East | 361.6 | 380.7 | +7.8 | – |
| Property | 217.5 | 229.0 | +0.2 | – |
| Fixed Int | 212.0 | 223.2 | −0.8 | – |
| Indexed Gilt | 136.0 | 143.2 | .... | – |
| Deposit | 161.7 | 170.3 | +0.1 | – |
| Pension Fund (Accum Units) | | | | |
| Managed | 454.3 | 478.3 | +1.4 | – |
| UK Equity | 526.1 | 553.8 | +0.3 | – |
| Overseas Eq | 579.1 | 609.6 | +6.2 | – |
| American | 354.7 | 373.4 | +0.6 | – |
| Far East | 594.9 | 626.3 | +14.4 | – |
| Property | 268.4 | 282.6 | +0.2 | – |
| Fixed Int | 255.4 | 268.9 | −0.8 | – |
| Indexed Gilt | 149.2 | 157.1 | .... | – |
| Deposit | 217.7 | 229.2 | +0.1 | – |
| NPI Pensions Management Ltd | | | | |
| Managed Fund | 1067.1 | 1086.2 | .... | – |
| Prices April 1 Next dealing May 1 | | | | |

## OFFSHORE AND OVERSEAS

### GUERNSEY (SIB RECOGNISED)

### MANAGEMENT SERVICES

### IoM (SIB RECOGNISED)

### LUXEMBOURG (SIB RECOGNISED)

### JERSEY (SIB RECOGNISED)

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## SWITZERLAND (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## DUBLIN (SIB RECOGNISED)

## GUERNSEY (**)

## JERSEY (**)

## ISLE OF MAN (**)

## LUXEMBOURG (**)

## OTHER OFFSHORE FUNDS

## OFFSHORE INSURANCES

## Money Market Trust Funds

## Money Market Bank Accounts

### UNIT TRUST NOTES

# WORLD STOCK MARKETS

## INDICES

### NEW YORK

| DOW JONES | Apr 5 | Apr 4 | Apr 3 | Apr 2 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2721.17 | 2719.37 | 2736.71 | 2700.45 | 2810.15 (2/1) | 2543.24 (30/1) | 2810.15 (2/1/90) | 41.22 (2/7/32) |
| Home Bonds | 90.69 | 90.55 | 90.65 | 90.69 | 93.04 (3/1) | 90.30 (29/3) | — | — |
| Transport | 1181.37 | 1182.25 | 1188.83 | 1178.88 | 1201.10 (2/1) | 1031.83 (30/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 213.28 | 214.47 | 215.54 | 213.85 | 236.23 (2/1) | 212.90 (22/3) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2746.17 (2755.86) Low 2709.01 (2708.56)

### STANDARD AND POOR'S

| | Apr 5 | Apr 4 | Apr 3 | Apr 2 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 340.73 | 341.09 | 343.64 | 338.70 | 359.69 (2/1) | 322.98 (30/1) | 359.80 (9/10/89) | 4.40 (1/6/32) |
| Industrials | 396.05 | 396.02 | 398.94 | 392.64 | 411.20 (2/1) | 371.92 (30/1) | 411.20 (2/1/90) | 3.62 (21/6/32) |
| Financial | 27.52 | 27.84 | 28.05 | 27.73 | 31.87 (3/1) | 27.31 (30/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 187.15 | 187.31 | 188.55 | 186.08 | 198.00 (2/1) | 178.43 (30/1) | 199.34 (9/10/89) | 4.46 (25/4/42) |
| Amex Mkt. Value | 361.23 | 361.12 | 361.65 | 359.37 | 382.45 (5/1) | 345.50 (30/1) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 433.42 | 435.42 | 437.65 | 433.18 | 460.90 (3/1) | 410.72 (30/1) | 485.73 (9/10/89) | 54.87 (31/10/72) |

| | Mar 30 | Mar 23 | Mar 16 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 4.06 | 4.06 | 4.00 | 3.78 |

| | Apr 4 | Mar 28 | Mar 21 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 3.05 | 3.04 | 3.05 | 3.24 |
| S & P Indl. P/E ratio | 15.09 | 15.07 | 14.97 | 12.79 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Tandem Comp. | 4,788,100 | 22⅝ | - 4⅛ |
| Baxter Int. | 4,461,100 | 22⅞ | - 1½ |
| Citicorp | 2,065,500 | 22½ | - ¼ |
| Philip Morris | 1,999,500 | 41¼ | + ¼ |
| Amax | 1,976,400 | 28 | + ⅝ |
| Phil. Elect. | 1,730,000 | 17 | - ⅛ |
| Rollins Env. | 1,330,500 | 13⅛ | + ⅝ |
| BankAmerica | 1,213,000 | 26⅛ | - 1¼ |
| Br.New Eng. | 1,181,200 | 3⅞ | - ⅛ |
| Circle K | 1,165,900 | 1⅞ | + ½ |

### TRADING ACTIVITY

| † Volume (Millions) | Apr 5 | Apr 4 | Apr 3 |
|---|---|---|---|
| New York | 145.524 | 159.540 | 154.310 |
| Amex | 9.521 | 11.203 | 12.200 |
| NASDAQ | (u) | 138.385 | 134.754 |
| Issues Traded | 1,979 | 1,973 | 1,962 |
| Rises | 716 | 586 | 1,065 |
| Falls | 726 | 915 | 419 |
| Unchanged | 537 | 472 | 478 |
| New Highs | 27 | 34 | 31 |
| New Lows | 55 | 47 | 42 |

### CANADA

| TORONTO | Apr 5 | Apr 4 | Apr 3 | Apr 2 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3154.80 | 3157.10 | 3193.60 | 3117.40 | 3453.05 (4/1) | 2921.03 (23/2) |
| Composite | 3630.70 | 3635.00 | 3648.20 | 3612.30 | 4009.47 (3/1) | 3612.30 (2/4) |
| MONTREAL Portfolio | 1873.28 | 1877.99 | 1892.90 | 1866.61 | 2060.90 (3/1) | 1852.36 (23/2) |

Base values of all indices are 100 except NYSE All Common—50, Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Apr 6 | Apr 5 | Apr 4 | Apr 3 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1513.0 | 1505.7 | 1516.8 | 1505.4 | 1713.7 (12/1) | 1505.4 (3/4) |
| All Mining (1/1/80) | 779.1 | 775.7 | 780.1 | 770.6 | 860.8 (5/1) | 770.6 (3/4) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 671.04 | 675.28 | 681.34 | 686.80 | 703.29 (19/3) | 526.59 (2/1) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/80) | 6113.86 | 6166.63 | 6116.42 | 6104.17 | 6599.43 (12/1) | 5568.16 (26/2) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 370.52 | 370.21 | 369.75 | 374.60 | 380.47 (28/3) | 358.77 (2/1) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 600.6 | 602.4 | 602.4 | 602.0 | 677.3 (23/1) | 598.5 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 542.87 | 532.59 | 530.98 | 521.70 | 554.7 (5/1) | 482.94 (26/2) |
| CAC 40 (31/12/87) | 2069.89 | 2028.06 | 2001.49 | 1985.55 | 2069.89 (6/4) | 1800.32 (26/2) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 827.40 | 824.88 | 828.56 | 830.92 | 830.92 (3/4) | 732.71 (24/1) |
| Commerzbank (1/12/53) | 2402.9 | 2396.0 | 2407.8 | 2414.0 | 2414.0 (3/4) | 2151.5 (24/1) |
| DAX (30/12/87) | 1947.84 | 1958.39 | 1963.25 | 1968.33 | 1968.55 (30/3) | 1756.41 (24/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 2956.12 | (c) | 2960.88 | 2962.45 | 3014.02 (26/3) | 2738.24 (1/2) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1719.94 | 1717.69 | 1716.96 | 1724.50 | 1893.10 (22/1) | 1716.96 (4/4) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 691.26 | 686.45 | 685.87 | 682.56 | 707.41 (12/1) | 646.73 (26/3) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 29278.78 | 28249.06 | 28442.94 | 28759.72 | 38712.88 (4/1) | 28002.07 (2/4) |
| Tokyo SE (Topix) (4/1/68) | 2149.26 | 2058.82 | 2075.96 | 2111.10 | 2867.70 (4/1) | 2058.82 (5/4) |
| 2nd Section (4/1/68) | 3391.57 | 3313.92 | 3490.62 | 3586.07 | 4284.68 (9/2) | 3313.92 (5/4) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 540.14 | 550.61 | 561.20 | 565.13 | 622.20 (28/2) | 540.14 (6/4) |
| **NETHERLANDS** | | | | | | |
| CBS Ttl.Rtn Gen.(End 1983) | 257.7 | 257.6 | 257.8 | 257.4 | 269.0 (3/1) | 240.1 (26/2) |
| CBS All Shr (End 1983) | 197.2 | 197.6 | 197.7 | 197.5 | 206.3 (3/1) | 184.2 (26/2) |
| **NORWAY** | | | | | | |
| Oslo SE (2/1/83) | 802.46 | 803.72 | 811.49 | 810.06 | 845.40 (16/3) | 701.67 (2/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1087.55 | 1091.70 | 1096.59 | 1083.70 | 1160.70 (21/3) | 1014.09 (5/3) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | (u) | 437.58 | 422.14 | 424.07 | 443.34 (6/2) | 413.64 (24/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | (c) | 1858.0 | 1868.0 | 1857.0 | 2290.0 (16/1) | 1857.0 (26/2) |
| JSE Industrial (28/9/78) | (c) | 2392.0 | 2901.0 | 2880.0 | 3211.0 (6/2) | 2795.0 (2/1) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 831.73 | (c) | 828.98 | 836.63 | 928.82 (4/1) | 819.04 (28/3) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 252.82 | 250.57 | 249.62 | 248.97 | 302.85 (4/1) | 248.17 (2/4) |
| **SWEDEN** | | | | | | |
| Affarsvärlden Gen. (1/2/37) | 1141.90 | 1134.90 | 1138.00 | 1133.50 | 1317.88 (12/1) | 1127.20 (2/4) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 756.7 | 749.1 | 744.7 | 743.9 | 787.2 (11/1) | 737.6 (27/3) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 10440.67 | (c) | 10907.09 | 11119.00 | 12495.34 (10/2) | 9805.40 (9/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | (c) | 840.30 | 846.03 | 848.17 | 919.67 (5/1) | 760.39 (7/2) |
| **WORLD** | | | | | | |
| M.S. Capital Intl. (1/1/70) | (u) | 478.5 | 476.9 | 478.5 | 571.8 (4/1) | 468.3 (2/4) |

**Saturday Mar. 31: Taiwan Weighted Price: 10755.87 Korea Comp Ex. 840.89
‡ Subject to official recalculation.
δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

## WORLD STOCK MARKETS

AMERICA

# Dow declines on disappointing March jobs data

### Wall Street

US EQUITIES went on the defensive after a significantly weaker-than-expected jobs figure for March which pointed to economic growth being much weaker last month than earlier this year, *writes Janet Bush in New York.*

At 1.30 pm, the Dow Jones Industrial Average was quoted 11.26 points lower at 2,709.91 on sluggish volume of 80m shares. The Dow had closed 1.80 points higher on Thursday at 2,721.17.

The sharp rise in the Tokyo stock market helped US equities to hold steady at the start, but then prices eroded as traders and investors were disappointed by yesterday's employment release.

The non-farm payroll rose only 26,000 last month, which compared with estimates of a gain of between 150,000 and 200,000 and a jump in the payroll in February of 372,000.

While analysts noted that the March figure probably overstates weakness in the economy and January and February employment figures probably exaggerated its strength, there was no doubt yesterday that the March jobs data would provide a powerful argument against any members of the Federal Open Market Committee wanting to tighten monetary policy.

The job release was also of concern to the equity market because the weakness was accompanied by significant inflationary pressures, the worst possible combination. Average weekly earnings for manufacturing workers were $435.64 compared with $430.66 the previous month.

The jobs data initially boosted US Treasury bonds by about ¾ point but then bonds dipped back to be quoted mixed at midsession. Short-dated maturities were up by about ⅛ point but the benchmark long bond dipped ⅛ point to yield 8.52 per cent.

The brevity of the positive reaction in the bond market reflected a number of factors: concern about the strong earnings figures contained in the March report, nervousness about the dollar – which dropped on the jobs figures yesterday and has been sliding all week in advance of this weekend's Group of Seven meeting – and scepticism that the employment number accurately reflects what is going on in the economy.

Bank stocks were weak, reflecting a growing awareness of their exposure to problem real estate loans, bridge loans to highly-leveraged transactions and third world debtors and a much more stringent view from regulators. Among money centre banks, J.P. Morgan fell $1¼ to $38¾ and Bankers Trust New York fell $¾ to $35⅞.

PNC Financial, a commercial bank in Pennsylvania, slumped $3⅛ to $34 after estimating that its first quarter net income would drop 35 to 40 per cent after increased loan loss provisions. Among other regional banks, NCNB dropped $1⅞ to $34½ and Wells Fargo fell $1⅞ to $66⅞.

UAL dropped $⅝ to $165⅝, having risen strongly all week, as the airline holding company said that it had agreed in principle to a sweetened buy-out by the airline's unions.

Browning-Ferris Industries added $1⅝ to $36⅝ after its decision to sell its hazardous waste business. Lockheed rose $⅝ to $37½, partly on an upgrading by Shearson Lehman Hutton and partly because of a new missile contract from the Pentagon.

### Canada

TORONTO stocks drifted lower at midsession in featureless trading after Wall Street erased early gains. The composite index fell 9.5 to 3,621.1 on volume of 9.98m shares.

The market feared that interest rates would have to rise again. The Bank of Canada rate, already at a 7½ year high, rose 6 points to 13.57 per cent. Nova Corp topped the actives list with 1.58m shares traded. The stock fell C$⅛ to C$7⅞.

● Johannesburg stock market was closed yesterday for a national holiday.

# Single-country bubble deflates as choice increases

**Jacqueline Moore** on why share prices and premiums of New York-listed funds have gone into reverse

THE COUNTRY fund bubble may not have burst in America, but it seems to be deflating. After a 1989 leap of 208 per cent in the share price of the New York-quoted Spain Fund, for example, and of 160 per cent in the Germany Fund, prices have eased back this year.

The breaching of the Berlin Wall last year and the approach of the single European market in 1992 spelt investment potential to the Americans and the Japanese. Investors with little knowledge about Europe turned to specialist funds that focus on a particular country to give them a slice of the action.

As a result of the sudden surge in demand, many funds shot to large premiums to net asset value. But these eroded dramatically as the choice of funds increased. Spain Fund has dropped from a premium of 126 per cent in January to 35 per cent, while the Germany Fund has fallen from a 100 per cent premium to 8 per cent, says Mr Thomas Herzfeld of the Miami-based investment firm, Thomas J Herzfeld Advisors.

In straightforward price terms, the Spain Fund, which hit a 1990 high of $31⅞, stood at $15⅛ on Thursday, while the Germany Fund had fallen from a year's high of $25⅛ to $14¼ by Thursday.

Just as political and economic events have nourished single-country funds, so those funds can feed the markets that they focus on. Austria's prospects in eastern Europe boosted share prices and encouraged the setting up of country funds; in turn, demand from the Austria Fund and the Austria Equity Fund extended the rise of a market which has been very short of stock.

However, liquidity has come to the funds market, and increased competition for investors' money has been the main reason why some funds have performed less well this year. Three new German funds have been introduced in New York in 1990. "It was inevitable that the premiums would fall," says Mr Herzfeld, "because of the proliferation of similar issues, which this year will become more of a glut."

The Emerging Germany Fund, which was launched only last week, has been unable to hold its offer price of $12, dipping to $10⅞ this week. The Future Germany Fund, sold at $18 in February at a 15 per cent premium, has fallen to $15½ and a discount of 14 per cent; New Germany Fund, brought in at the end of January, has plummeted to a 3 per cent discount from a premium of 78 per cent.

The Herzfeld Single Country Average, calculated from the share prices of 20 funds, stood at 2,000 at the end of last year, peaked this year at 2,248 and, by Thursday, had fallen to 1,677.

The leaps in single-country fund share prices in 1989 and early this year were restricted mainly to the US market, where the Japanese were the principal buyers. "It is not really a UK-oriented phenomenon because the funds are mostly dollar- or local currency-denominated. The premiums on some funds have been absurd and difficult to understand," says Mr Peter Walls, investment trust analyst at CL-Laing & Cruickshank.

Funds listed in London have performed in a more orderly fashion. Ms Caroline Cowie, investment trust analyst at brokers Olliff & Partners, explains that UK investors already have a more international outlook and Britain has a long tradition of investing in country funds; consequently, only three European regional or country investment trusts listed in London are trading at a premium.

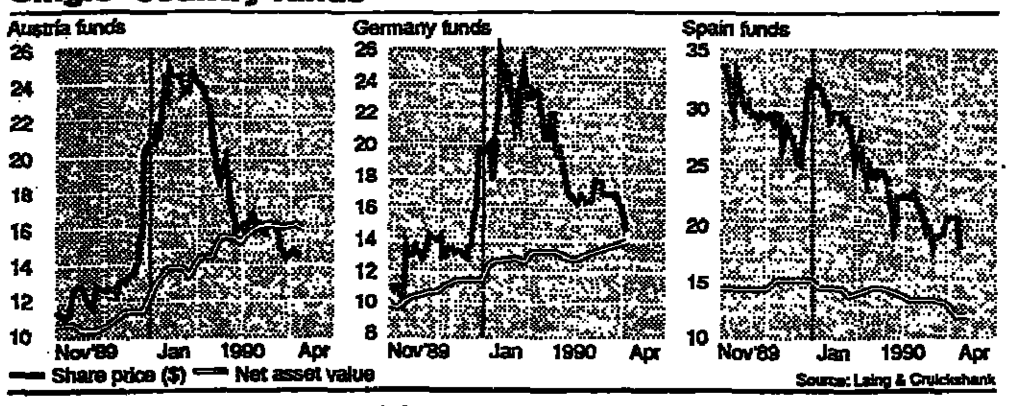
In New York, says Ms Cowie, the huge premiums can be explained by the lack of global exposure of most American investors. "Closed-end funds are the only way US investors can gain home-based exposure to overseas markets," she says.

Outside Europe, single-country funds are the only means by which foreigners can invest in certain countries. "For some markets, there may simply be no choice [of how to invest], such as in Korea and Taiwan, China, where funds are the only authorised channel for foreign portfolio investment in equities," write Mr Robert Graffam and Mr Peter Wall of the International Finance Corporation in Washington DC.

One of the main risks of investing in a country fund is that, if the fizz goes out of a market, the fund's shares can collapse. A political event, such as the Tiananmen Square massacre in China in June last year, can send them crashing. The ROC Taiwan Fund fell 15 per cent in the week after the massacre and the Taiwan Fund lost 13 per cent, says Mr Herzfeld. The Taiwan weighted index, however, fell only 2.5 per cent over the same period.

The current burst of interest in single-country funds is not unique – the investment trust community has seen it before with specialised industry funds, which rose to hefty premiums before spawning a number of rivals. Most of them now trade at significant discounts.

**Single-country funds**




Source: Laing & Cruickshank

ASIA PACIFIC

# Belief that prices have bottomed out helps lift Nikkei

### Tokyo

CONFIDENCE in the yen's recovery against the dollar, rising bonds and a belief that the stock market had bottomed out led share prices higher in brisk trading yesterday, *writes Martina Gannon in Tokyo.*

After a seesaw week, illustrated in the accompanying chart, the Nikkei average made its fourth largest single-day gain, rising 1,029.72 to 29,278.78 as investors recovered from Thursday's nervous, rumour-ridden market and started bargain-hunting.

The average climbed steadily from its day's low – the opening level of 28702.07 – to hit the day's high at the close. The Topix index of all listed stocks jumped 90.44 to 2,149.26 and, in London, the ISE/Nikkei 50 index added 6.24 to 1,714.96.

The general consensus is that the Nikkei's support level is the 28,000 mark, said Mr Hiroyuki Murai, of Nikko Securities. However, traders are awaiting the effect on currency exchange rates of today's Group of Seven industrial countries meeting before deciding whether or not the recovery will be sustained.

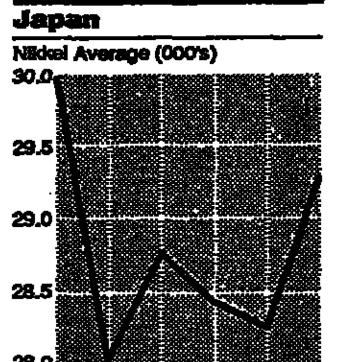
Advancing issues led declines yesterday by 732 to 75, with 30 unchanged, as volume jumped from 580m to 830m shares. Issues in demand included cyclical stocks, which had tumbled earlier in the week, electricals and precision machineries. Tokyo Electric Power jumped Y250 to Y3,980 and Sumitomo Electric was up Y30 to Y1,530.

Other big gains were in pharmaceuticals, domestic demand-related issues, large-capital steels and shipbuildings. Sankyo, Japan's second largest pharmaceuticals maker, climbed Y170 to Y2,600.

Mr Jonathan McClure, at Schroder Securities, said the day's recovery was consistent with the market's recent performance. "It was a classic example of a market without selling pressure suddenly leaping when it had the chance, although the higher level is not necessarily sustainable."

Osaka posted its largest ever single-day gain, boosted by the stronger exchange rate and the rebound in Tokyo. Active bargain-hunting took the OSE average up 1,419.67 to 29,977.86. Its previous record rise, of 1,137.80 points, was on February 28. Volume increased from 50m to 58m shares.

**Japan**




### Roundup

PROFIT-TAKING in banking stocks dragged Taiwan lower; trading in other markets was mostly light.

TAIWAN plunged as investors came back from a national holiday to be confronted with further heavy profit-taking in banking shares. The weighted index fell 466.42 to 10,440.67, a fall of 4.3 per cent on the day but only 0.7 per cent on the week, while the financial sector index fell 5.3 per cent.

SINGAPORE fell in light volume on fears of a decline in investment from Japan after Tokyo's recent falls. The Straits Times Industrial index lost 20.07 to 1,508.30, a fall since the previous Friday of 4.6 per cent. Property stocks rose on speculation of a takeover offer from United Industrial Corp for Singapore Land. Trading in both stocks was suspended.

NEW ZEALAND was pulled up by foreign demand for blue chips in a thin market. Fletcher Challenge rose 4 cents to NZ$4.29 while Brierley Investments and Carter Holt Harvey each gained 1 cent to NZ$1.54 and NZ$2.59 respectively. These three stocks make up about 40 per cent of the Barclays index, which rose 14.56 to 1,722.48, up 1 per cent on the week.

AUSTRALIA rose after Tokyo's gain. Trading was light, and the All Ordinaries index rose 7.3 to 1,513.0, for a fall on the week of 1.5 per cent.

SEOUL recouped early losses to end higher, but volumes were low. The composite index rose 2.75 to 831.73, down 1.7 per cent on the week. The market was still concerned that the Government's measures to boost the economy, announced on Wednesday, were not enough to get the economy back on its feet.

HONG KONG finished little changed after profit-taking erased early gains. The Hang Seng index eased 4.76 to 2,956.12, 1.4 per cent lower over the week. KUALA LUMPUR's composite index lost 10.47 to 540.14, a drop of 7.4 per cent on the week.

BOMBAY fell sharply on profit-taking, with the index down 23.70 at 770.74 after hitting a record on Wednesday.

EUROPE

# Novel contrast prevails on the Continent

THE NOVEL contrast between a buoyant French bourse and a nervous West Germany prevailed again yesterday, *writes Our Markets Staff.*

PARIS advanced 2 per cent to another record in very active trading, as the UK institutions rushed to join the Japanese and domestic buyers in the current rally. Turnover was thought to be as high as FFr6.4bn, after Thursday's FFr4.2bn. The CAC 40 index gained 41.83 to 2,069.89, a rise over the week of 5 per cent. The index finished off its day's high of 2,081.55 after Wall Street opened mixed.

Investors sought out blue chips, particularly the laggards. LVMH, which has big sales of luggage and cognac in Japan, recovered FFr245 to FFr4,795 after the yen's rise yesterday and on hopes that today's Group of Seven industrial countries' meeting would bolster the Japanese currency.

*Among other active stocks,* Suez rose FFr7.70 to FFr463.50 on 687,500 shares and CGE FFr12 to FFr619 on a volume of 562,800. Générale des Eaux, which has results due soon, gained FFr101 to FFr2,650.

FRANKFURT started well, the DAX index surging 16.13 to 1,974.52; but it closed in retreat, as the Bundesbank's average bond yield rose another 5 basis points to 8.76 per cent.

Worries about wage inflation and the cost of monetary union with East Germany were voiced again as the DAX closed 10.55 lower at 1,947.84, a 1.1 per cent fall on the week; the FAZ finished 2.52 down on the day, and 0.3 per cent lower on the week at 827.40. Volume grew from DM7.6bn to DM8.7bn.

Daimler rose on rumours, subsequently denied, that Deutsche Bank would sell part of its 28 per cent holding to Mitsubishi of Japan. It closed DM15.50 higher at DM955 in spite of news that General Electric of the US is trying to block a planned jet engine alliance with United Technologies.

Once again, one of the biggest gains of the day came in retailing where Asko, so recently a bombed-out situation, rose DM40 to DM825 to take its gains to DM100 a share over the past six trading days.

*STOCKHOLM* liked the Government's new austerity package and the Affärsvärlden General index rose 7.0 to 1,141.9, practically unchanged on the week. Ericsson powered ahead, with its free B shares adding SKr34 to SKr880, after winning a big order in Mexico and on hopes of another lucrative deal in Indonesia.

MILAN saw more demand for telecoms stocks, with Stet jumping L190 to L5,670. Fiat, which said it was talking with Ford about possible co-operation in farm and industrial vehicles, rose L60 to L10,300 and reached L10,350 in the after-market.

Ifil, the financial and food holding company controlled by the Agnelli group, climbed L80 to L8,050 in spite of news that it planned a large capital increase. It emerged on Thursday that Citicorp would take a 2 per cent stake in Ifil. The Comit index rose 4.81 to 691.26, up 1.1 per cent on the week.

AMSTERDAM was cheered by a healthy rise in Aegon's 1989 net and dividend after disappointing figures from fellow insurers Nat-Ned and Amev earlier this week. Aegon rose Fl 3.70 while Nat-Ned slipped 10 cents to Fl 72.90 and Amev edged up 10 cents to Fl 57.10.

But Philips slipped further, closing 50 cents lower at Fl 41.30, on continued wariness about its potential link-up with Olivetti of Italy. The CBS tendency index closed 0.9 higher at 117.9, up 1.2 per cent on the week.

ZURICH continued to concentrate on engineers and their prospects in the economic upturn after German reunification. The Crédit Suisse index rose 7.3 to 598.6 in lively trading for a gain of 1.3 per cent on the week, and Japanese and US investors were said to be active. Sulzer rose SFr200 to SFr5,759 and Georg Fischer SFr30 to SFr2,310.

MADRID extended its rally to three days, with the general index up 2.25 at 252.82 at the end of the continuous session.

The banking sector, which had fallen to its post-crash support levels, said an analyst, continued to bounce back, with Banesto Pta230 higher at Pta3,480, Popular gaining Pta410 to Pta7,980 and Santander rising Pta120 to Pta3,940.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY APRIL 5 1990 | | | | | | WEDNESDAY APRIL 4 1990 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Day's change % local currency | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1990 High | 1990 Low | Year ago (approx) |
| Australia (81) | 135.00 | −1.1 | 121.93 | 117.40 | −0.8 | 5.89 | 136.58 | 123.31 | 118.31 | 158.31 | 133.38 | 129.40 |
| Austria (19) | 279.43 | −0.5 | 252.38 | 246.68 | −0.4 | 1.06 | 280.75 | 253.49 | 247.68 | 285.63 | 193.15 | 115.53 |
| Belgium (61) | 146.27 | −0.2 | 132.11 | 126.79 | −0.2 | 4.49 | 146.52 | 132.29 | 127.01 | 160.02 | 132.11 | 133.52 |
| Canada (120) | 140.73 | +0.0 | 127.11 | 119.08 | +0.1 | 3.39 | 140.76 | 127.11 | 119.02 | 153.61 | 137.42 | 133.33 |
| Denmark (36) | 249.07 | +0.2 | 224.95 | 220.19 | +0.3 | 1.46 | 248.58 | 224.45 | 219.51 | 260.82 | 238.69 | 173.15 |
| Finland (26) | 136.75 | +0.8 | 123.51 | 115.01 | +0.8 | 2.60 | 135.70 | 122.53 | 114.06 | 152.29 | 130.39 | 154.78 |
| France (125) | 157.96 | +1.1 | 142.67 | 141.61 | +1.2 | 2.72 | 156.22 | 141.05 | 139.99 | 157.97 | 141.69 | 118.53 |
| West Germany (94) | 135.86 | −0.4 | 122.72 | 120.05 | −0.5 | 1.78 | 136.46 | 123.21 | 120.64 | 137.71 | 122.05 | 85.29 |
| Hong Kong (48) | 122.64 | +0.0 | 110.77 | 122.81 | +0.0 | 5.05 | 122.62 | 110.71 | 122.81 | 124.24 | 112.24 | 127.40 |
| Ireland (17) | 185.47 | +0.2 | 167.51 | 165.71 | +0.3 | 2.59 | 185.06 | 167.09 | 165.19 | 198.57 | 181.49 | 147.10 |
| Italy (96) | 97.66 | −0.1 | 88.20 | 91.20 | +0.0 | 2.54 | 97.72 | 88.23 | 91.23 | 102.11 | 91.85 | 81.85 |
| Japan (454) | 128.22 | +0.9 | 115.80 | 127.77 | +0.3 | 0.64 | 127.11 | 114.77 | 127.39 | 197.26 | 124.40 | 190.09 |
| Malaysia (35) | 216.40 | −1.6 | 195.46 | 227.41 | −1.7 | 2.35 | 219.92 | 198.57 | 231.23 | 245.32 | 216.40 | 164.25 |
| Mexico (13) | 387.87 | +1.5 | 350.32 | 1181.89 | +1.5 | 0.44 | 382.27 | 345.16 | 1164.00 | 409.41 | 324.53 | 166.27 |
| Netherland (43) | 139.31 | −0.1 | 125.83 | 121.60 | −0.2 | 4.63 | 139.42 | 125.88 | 121.79 | 145.66 | 130.43 | 118.52 |
| New Zealand (17) | 60.75 | −1.0 | 54.87 | 55.80 | −0.8 | 7.87 | 61.35 | 55.39 | 56.26 | 75.38 | 60.31 | 68.04 |
| Norway (26) | 231.90 | −1.5 | 209.45 | 207.03 | −1.3 | 1.61 | 235.48 | 212.62 | 209.75 | 245.90 | 202.34 | 176.58 |
| Singapore (26) | 187.28 | −1.2 | 169.15 | 161.99 | −1.3 | 1.76 | 189.59 | 171.18 | 164.17 | 199.38 | 179.70 | 145.68 |
| South Africa (60) | 184.89 | +2.1 | 166.99 | 160.70 | −0.3 | 3.68 | 181.02 | 163.44 | 161.17 | 251.39 | 180.87 | 140.31 |
| Spain (42) | 136.76 | +0.8 | 123.52 | 111.94 | +0.8 | 4.74 | 135.65 | 122.48 | 111.04 | 165.19 | 132.84 | 153.28 |
| Sweden (35) | 177.30 | +0.3 | 160.14 | 161.16 | +0.4 | 2.44 | 176.86 | 159.69 | 160.49 | 206.95 | 173.89 | 161.77 |
| Switzerland (64) | 90.87 | +0.9 | 82.07 | 84.56 | +0.6 | 2.31 | 90.09 | 81.35 | 84.12 | 99.12 | 88.75 | 76.73 |
| United Kingdom (306) | 149.28 | +0.3 | 134.81 | 134.81 | +0.3 | 4.89 | 148.86 | 134.41 | 134.41 | 164.31 | 144.69 | 145.79 |
| USA (537) | 137.74 | −0.1 | 124.40 | 137.74 | −0.1 | 3.49 | 137.94 | 124.55 | 137.94 | 145.40 | 130.61 | 120.29 |
| Europe (990) | 140.20 | +0.2 | 126.62 | 124.92 | +0.2 | 3.54 | 139.88 | 126.30 | 124.64 | 146.86 | 135.57 | 119.03 |
| Nordic (123) | 186.16 | +0.0 | 168.14 | 160.36 | +0.2 | 1.95 | 186.13 | 168.06 | 160.09 | 201.89 | 185.01 | 153.74 |
| Pacific Basin (661) | 128.25 | +0.7 | 115.83 | 127.10 | +0.2 | 1.00 | 127.30 | 114.94 | 126.81 | 192.75 | 124.63 | 185.00 |
| Euro – Pacific (1651) | 133.43 | +0.5 | 120.51 | 127.05 | +0.2 | 2.08 | 132.74 | 119.85 | 126.77 | 174.18 | 130.35 | 158.62 |
| North America (657) | 137.82 | −0.1 | 124.48 | 136.53 | −0.1 | 3.48 | 138.01 | 124.61 | 136.72 | 145.78 | 131.02 | 120.97 |
| Europe Ex. UK (684) | 132.92 | +0.2 | 120.05 | 118.42 | +0.2 | 2.71 | 132.65 | 119.77 | 118.22 | 135.73 | 124.81 | 102.34 |
| Pacific Ex. Japan (207) | 127.92 | −0.8 | 115.53 | 115.84 | −0.6 | 5.21 | 128.95 | 116.43 | 116.55 | 139.32 | 126.76 | 124.10 |
| World Ex. US (1844) | 134.32 | +0.5 | 121.32 | 127.47 | +0.2 | 2.14 | 133.62 | 120.65 | 127.20 | 173.77 | 131.30 | 157.56 |
| World Ex. UK (2075) | 133.01 | +0.3 | 120.13 | 130.38 | +0.1 | 2.37 | 132.63 | 119.75 | 130.30 | 162.00 | 130.80 | 142.89 |
| World Ex. So. Af. (2321) | 134.14 | +0.3 | 121.15 | 130.56 | +0.1 | 2.61 | 133.78 | 120.79 | 130.44 | 161.84 | 131.95 | 143.15 |
| World Ex. Japan (1927) | 139.04 | +0.0 | 125.58 | 132.31 | +0.0 | 3.57 | 139.03 | 125.54 | 132.33 | 145.52 | 135.25 | 120.61 |
| The World Index (2361) | 134.45 | +0.3 | 121.43 | 130.77 | +0.1 | 2.62 | 134.06 | 121.05 | 130.68 | 162.05 | 132.25 | 143.13 |



Latest prices were unavailable for this edition. Hong Kong market closed April 5.

Constituent changes 6/4/90: Deletions: Investa AS (Norway) and Torras Grupo (Spain). Insertion: Argos (UK).

## LONDON SHARE SERVICE

### BRITISH FUNDS

| 1990 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

### BRITISH FUNDS – Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1989: 115.5 and for February 1990: 120.2.

### INT. BANK AND O'SEAS

### CORPORATION LOANS

### COMMONWEALTH & AFRICAN LOANS

### LOANS

Building Societies

Public Board and Ind.

### FOREIGN BONDS & RAILS

### AMERICANS

### AMERICANS – Contd

| 1990 High | Low | Stock | Price | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CANADIANS

Continued on next page

# LONDON SHARE SERVICE

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## BANKS, HP & LEASING

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 303 | 239 | ANZ SA1 | 241 | –1 | 44c | 1.4 | 8.2 | 8.6 |
| 196 | 172 | Abbey National 10p. | 194 | –1 | 5.7 | 4.3 | 3.9 | 7.9 |
| 282 | 238 | Allied Irish Ord. | 259 | +1 | m068% | 3.3 | 3.1 | 13.3 |
| £13¼ | £11⅞ | Algemene Fl 10. | £12⅛ | +⅛ | Q28% | 2.0 | 7.2 | 7.0 |
| 85 | 73 | Anglo Irish | 82 | ... | Q18.7% | 2.7 | 5.4 | 11.2 |
| 81 | 71 | Ansbacher (H.) 1p. | 73 | +1 | 2.5 | 1.3 | 4.6 | 21.0 |
| £70½ | £54½ | Bancaire Cie Fr100. | £70½ | +3½ | tQ12¼% | – | 2.0 | – |
| £22¼ | £16⅝ | Banco Bilbao Viz. | £16⅝ | ..... | Q17.9% | 2.0 | 4.3 | 11.5 |
| £31 | £24¼ | Banco de Santander. | £24¼ | ..... | Q25% | 2.4 | 4.7 | 8.9 |
| 296 | 248 | Bank Ireland Ir£1. | 258 | ..... | tQ12.3% | 3.2 | 4.5 | 8.8 |
| £19½ | £18 | Bank Leumi | £19½ | .... | – | – | – | – |
| 350 | 320 | Bank Leumi (U.K.) | 345 | ..... | †13.5 | – | 5.2 | – |
| 125 | 113 | Bank Scotland | 113 | –2½ | †3.8 | 3.6 | 4.5 | 8.2 |
| 100¼ | 90 | Do. 9¼pc Irrd Pf. | 92½ | –½ | 9¼% | – | 13.3 | – |
| 54 | 52 | Bank of Wales | 52 | ..... | 2.8 | 1.6 | 7.2 | 10.9 |
| 599 | 539 | Barclays £1 | 572 | –6 | 27.4 | 3.5 | 6.4 | 5.7 |
| 22 | 16 | Benchmark 20p | 16 | ..... | 1.63 | 1.0 | 14.2 | 8.8 |
| 335 | 310 | Brown Shipley £1. | 315 | ..... | †10.5 | – | 4.4 | – |
| 455 | 403 | Cater Allen £1 | 404 | ..... | 23.5 | – | 7.8 | – |
| 179 | 149 | Chancery | 170 | +1 | †8.0 | 2.8 | 6.3 | 7.5 |
| £23¼ | £19⅞ | Commerzbk DM10. | £21⅛ | –⅛ | Q18% | – | 3.1 | – |
| £27 | £23½ | C'hgn.Hbk.Kr100 | £24⅝ | +⅛ | Q15% | – | 5.6 | – |
| £13¼ | 865 | Dai Ichi K Bk Y50 | 897 | +13 | mQ16% | 8.8 | 0.3 | 34.3 |
| £313 | £262½ | Deutsche Bk DM50 | £292 | +3½ | Q28% | – | 1.7 | – |
| £20⅞ | £19 | Espirito Santo | £19¾ | +⅛ | Q75c | 3.3 | 2.3 | 13.5 |
| 253 | 211 | First Nat. Fin. 10p. | 228 | ..... | 13.0 | 2.4 | 7.6 | 7.0 |
| 121 | 106 | FNFC 6.3pc Cv Pf. | 118 | +2 | 6.3% | – | 7.1 | – |
| £15¼ | 953 | Fuji Bank Y50 | 953 | –47 | Q15.6% | 4.2 | 0.3 | – |
| 325 | 269 | Gerrard & National | 281 | ..... | 18.5 | – | 8.8 | – |
| 154 | 146 | Guinness Mahon 10p | 146 | ..... | ♦2.1 | – | 1.9 | – |
| 328 | 264 | Hambros 20p | 269 | –4 | †10.0 | – | 5.0 | – |
| 128 | 106 | Do. 7.5pc Cv Pf. | 108 | +1 | 7½% | – | 9.3 | – |
| 59 | 53½ | HK & Shang. HK$2.50. | 54 | ..... | Q42c | – | 6.1 | – |
| 478 | 458 | Joseph (Leo) £1 | 458 | ..... | 15.85 | – | 4.6 | – |
| 145 | 133 | King & Shaxson 20p. | 136 | ..... | 9.25 | – | 9.1 | – |
| 422 | 358 | Kleinwort Benson Grp | 367 | +1 | 16.0 | ♦ | 5.8 | ♦ |
| 642 | 402 | Kyowa Bank Y50 | 428 | +18 | mQ14% | 4.7 | 0.7 | 32.4 |
| 307½ | 277 | Lloyds £1 | 286 | –3 | 13.3 | 2.6 | 6.2 | 6.7 |
| 56 | 47 | Lon. Scot. Bank 10p | 48 | ..... | 2.4 | 1.8 | 6.7 | 10.1 |
| 404 | 324 | Midland £1 | 338½ | –4½ | 18.0 | 2.6 | 7.1 | 7.0 |
| £14½ | £10⅛ | Mitsubishi Bank Y50. | £10½ | ..... | mQ16% | 8.1 | 0.3 | 44.6 |
| £12¼ | £6½ | Mitsubishi Tst & Bk Y50 | £7⅜ | +⅛ | Q16% | 8.2 | 0.4 | 28.3 |
| £10⅝ | £7½ | Mitsui Bank Y50 | £8⅛ | +⅛ | mQ16% | 6.0 | 0.4 | 42.0 |
| 904 | 559 | Mitsui Tst & Bk Y50 | 610 | +15 | Q16% | 7.1 | 0.5 | 27.1 |
| 326 | 264 | Nat. Aust. Bk. A$1 | 292 | +6 | sQ50c | 1.6 | 7.7 | 8.0 |
| 360 | 330 | NatWest £1 | 345 | –6 | 16.7 | 3.3 | 6.5 | 6.3 |
| £210 | £190 | Ottoman Bank | £190 | –10 | Q110% | 2.8 | 6.1 | 5.8 |
| 55 | 39 | Rea Bros. Group | 43 | –2 | 0.5 | – | 1.6 | – |
| 200 | 178 | Rothschild (J) Hldgs. | 181 | –3 | †9.5 | 3.6 | 7.0 | 5.2 |
| 227 | 175 | Royal Bk. Scotland | 184 | –1 | 7.2 | 3.8 | 5.2 | 6.5 |
| 795 | 424 | Saitama Bank Y50 | 508 | +33 | mQ13% | 4.7 | 0.5 | 41.2 |
| £12¼ | 832 | Sanwa Bank Y50 | 849 | +9 | mQ16% | 8.3 | 0.4 | 32.2 |
| 1805 | 1600 | Schroders £1 | 1600 | ..... | 25.0 | ♦ | 2.1 | ♦ |
| 1425 | 1200 | Do. £1 N/V | 1250 | ..... | 25.0 | ♦ | 2.7 | ♦ |
| £25¼ | £20½ | Sec. Pacific $10 | £21½ | –¼ | Q$1.96 | – | 5.4 | – |
| 616 | 528 | Standard Chartd. £1 | 537 | –6 | 35.0 | q1.4 | 8.7 | (10.1) |
| £16½ | £8⅞ | Sumitomo Bank Y50 | £9½ | +⅛ | mQ16% | 7.5 | 0.3 | 41.9 |
| £11 | £6½ | Sumitomo Tst & Bk Y50 | £7⅛ | +⅛ | mQ16% | 8.1 | 0.4 | 27.7 |
| 147 | 127 | TSB | 134½ | –1½ | 5.8 | 2.8 | 5.7 | 8.7 |
| 175 | 126 | TSB Ch'nel Is'l | 142 | ..... | Q6.7 | 3.5 | 4.7 | 7.1 |
| £11⅜ | £5⅞ | Tokai Bank Y50 | £6⅞ | +⅛ | Q16% | 4.1 | 0.5 | 49.0 |
| 923 | 605 | Toyo Tst & Bk Y50 | 672 | +40 | mQ15.2% | 6.9 | 0.4 | 32.3 |
| 611 | 535 | Union Discount £1 | 538 | ..... | 33.0 | – | 8.2 | – |
| 525 | 448 | Warburg (S.G.) | 477 | –2 | †12.5 | – | 3.5 | – |
| 180 | 147 | Do. 6pc Cnv Prf. | 159 | –1 | 6% | – | 5.0 | – |
| 279 | 233 | Westpac $A1 | 241 | +1 | Q52.5c | 1.5 | 9.8 | 6.6 |
| 420 | 408 | Wintrust 20p. | 408 | ..... | †7.8 | – | 2.5 | – |
| 969 | 574 | Yasuda Tst & Bk. Y50 | 627 | +32 | mQ17% | 9.3 | 0.5 | 20.0 |

### Hire Purchase, Leasing, etc.

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 355 | 228 | Anglo Grp. 10p | 238 | ..... | †5.0 | 4.1 | 2.8 | 9.3 |
| £138½ | £99½ | Do. 9½pc 1999 | £103½ | +1 | Q9½% | – | 9.2 | – |
| 175 | 130 | CLF Yeoman 50p. | 130 | –5 | gQ24.6% | 3.4 | 8.0 | 4.1 |
| 71 | 63 | ♦Cambridge Grp Ir5p | 65 | –3 | bQ7½% | 14.8 | 0.5 | 16.7 |
| 55 | 37 | ♦Capital Leasing Ir10p | 47 | +5 | tQ12% | ♦ | 2.4 | ♦ |
| 68 | 58 | Cattle's (Hdgs) 10p. | 58 | ..... | 3.58 | ♦ | 8.5 | ♦ |
| 409 | 373 | Prov. Financial | 398 | +1 | 20.5 | 2.0 | 7.0 | 9.4 |
| 235 | 220 | ♦Reflex Invs. Ir5p. | 220 | ..... | Q34.6% | 6.6 | 0.8 | 25.6 |
| 225 | 195 | Secure Trust Grp. 1p. | 220 | ..... | 8.5 | ♦ | 5.3 | ♦ |
| 210 | 178 | Woodchester IR20p. | 200 | –5 | Q15.6% | ♦ | 1.5 | ♦ |

## BEERS, WINES & SPIRITS

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 519 | 420 | Allied-Lyons | 430 | –6 | †15.0 | 2.4 | 4.7 | 10.1 |
| £24⅝ | £20¼ | Anheuser-Busch $1 | £23½ | +⅛ | 72c | – | 1.6 | – |
| 1069 | 896 | Bass | 937 | –1 | 28.2 | 3.1 | 4.0 | 10.7 |
| 170 | 132 | Boddington | 139 | ..... | 5.1 | ♦ | 5.0 | ♦ |
| 199 | 163 | Bulmer (H.P.) 5p | 178 | ..... | †6.95 | 1.4 | 5.2 | 17.5 |
| 227 | 207 | Burtonwood Brewery | 208 | ..... | 3.55 | 2.5 | 2.3 | 23.3 |
| 400 | 335 | Clark (Matthew) | 337 | –3 | †13.0 | 2.8 | 5.1 | 9.4 |
| 286 | 204 | Devenish (J.A.) 5p | 204 | –4 | 4.65 | 3.1 | 3.0 | 12.5 |
| 225 | 145 | Do. 4.5pc Cv 2ndPf. | 145 | –5 | 4½% | 25.3 | 4.1 | – |
| 167 | 141 | ♦Eldridge, Pope "A" 50p | 141 | –4 | 4.1 | 2.3 | 3.9 | 13.4 |
| 400 | 375 | ♦Fuller, S.T.A. | 375 | ..... | †4.45 | 4.4 | 1.6 | 17.8 |
| 658 | 533 | Grand Metrop 50p | 584 | –2 | 17.75 | 2.5 | 4.1 | 11.5 |

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS – Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS – Contd

## ENGINEERING

## ENGINEERING – Contd

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.) – Contd

## INSURANCES

## LEISURE

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## OIL AND GAS—Contd

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 138 | 125 | Intl Pet Crpn. | 134 | −1 | – | – | – | – |
| 27 | 18 | KCA Drilling 1p. y | 20 | +1 | ♦ | – | – | ♦ |
| 35 | 25 | Kelt Energy 10p. β | 27 | −1 | – | – | – | – |
| 60 | 41 | Do. 6pc Cv. Prf. y | 43 | ..... | 6% | – | 18.6 | – |
| 148 | 111 | Kingston Oil & Gas 50p y | 141 | +3 | t01.75c | 5.9 | 0.7 | 23.1 |
| 635 | 560 | LASMO α | 601xd | −2 | 11.25 | 1.6 | 2.5 | 29.2 |
| 170 | 130 | Do. "Ops" 10p β | 155xd | ..... | 21.61 | – | 18.6 | – |
| 99 | 95 | Do. 9¼pc CnRdPf £1 y | 96 | ..... | 9.63% | – | 13.4 | – |
| 3 | 1½ | Meridian Oil | 3 | +½ | – | – | – | – |
| 204 | 123 | Mid & Scot. Res. y | 201 | ..... | – | – | – | – |
| £39½ | £34 | Mobil Corp. $2 | £37½ | +¼ | Q$2.60 | – | 4.2 | – |
| 40½ | 33¼ | Monument Oil 5p β | 38½ | ..... | – | – | – | ♦ |
| 25 | 17½ | New London 5p. y | 24 | +1½ | – | – | – | – |
| 36½ | 21 | NZ Oil & Gas NZ$0.50 | 22½ | −½ | – | – | – | – |
| £19⅞ | £15 | Norsk Hydro Kr20 | £18⅝ | ..... | Q20% | ♦ | 2.0 | ♦ |
| 26½ | 24 | North Sea Assets 5p. y | 26 | ..... | – | – | – | – |
| £18¾ | £15⅝ | Occidental Pet. 20c. | £16⅝ | +¼ | Q$2.50 | – | 8.6 | – |
| 32 | 26 | Ohio Res. | 26 | ..... | – | – | – | – |
| 32½ | 19 | Oliver Res. y | 20 | −1 | d | – | – | – |
| 3½ | 2 | Pan Pacific Pet. | 3 | .. | – | – | – | – |
| £220½ | £171 | Petrofina SA | £194½ | −¼ | BFr416 | ♦ | 5.0 | ♦ |
| 9 | 6¼ | Petrogen Petroleum. | 7½ | ..... | ♦ | – | – | – |
| 132 | 104 | Pict. Pet. 5p y | 120 | +1 | – | – | – | – |
| 121 | 99 | Premier Cons. 5p. β | 105 | −1 | – | – | – | 73.0 |
| 575 | 413 | Presidio Oil A | 470 | ..... | Q10c | – | 1.3 | – |
| 413 | 354 | Ranger Oil | 403xd | +8 | – | – | – | – |
| 163 | 101 | Rosemor Oil & Gas 10p β | 152 | +2 | – | – | – | – |
| £50½ | £43½ | Royal Dutch Fl 5 | £46¼ | +½ | Q153% | ♦ | 5.3 | ♦ |
| 13½ | 9¼ | Rovshel Prop. | 10½ | ..... | – | – | – | – |
| 8 | 2½ | Sandpiper Oil | 6¼ | ..... | – | – | – | – |
| 217 | 187 | Santos A$0.25c. | 203 | +1 | hQ18.2c | 2.2 | 4.1 | 11.0 |
| 276 | 199 | Sceptre Res | 205 | ..... | – | – | – | – |
| 501 | 440 | Shell Trans. Reg. α | 447 | −5 | 18.4 | ♦ | 5.5 | ♦ |
| 67 | 61 | Do. 7pcPf. £1 y | 61 | ..... | 4.9% | x | 10.7 | – |
| 645 | 645 | Silkolene | 645 | ..... | ♦t12.0 | 3.3 | 2.5 | 16.2 |
| 5¼ | 3½ | Southwest Res. 2p. y | 4½ | +¼ | – | – | – | – |
| 205 | 178 | Sovereign Oil β | 178 | ..... | – | – | – | – |
| 24 | 8½ | Teredo Petroleum 10p y | 14 | +½ | – | – | – | – |

## THIRD MARKET (extract)

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 31 | 24 | Sleepy Kids 5p y | 30 | −1 | – | – | – | – |
| 2½ | 1½ | Swanyard Studios 1p y | 1½ | ..... | – | – | – | 8.4 |
| 94 | 69 | Tomorrows Leisure 20p y | 69 | −1 | – | – | – | 26.2 |
| 55 | 35 | UPL Group 10p y | 47 | ..... | ‡2.75 | 1.9 | ‡ | 6.9 |
| 167 | 128 | Unit Group y | 166 | −1 | 5.0 | 3.3 | 4.0 | 9.4 |
| 89 | 77 | Video Magic Leis. 1p y | 77 | ..... | W2.0 | 0.7 | 3.5 | 61.7 |
| 5¼ | 4 | Vista Ents 5p y | 4¼ | ..... | – | – | – | – |
| 18 | 15 | Vizcaya Hldgs 5p. y | 15 | −1 | – | – | – | – |
| 43½ | 33½ | Whitegate Leisure 20p. y | 33½ | −1 | 0.25 | 1.7 | 1.0 | 71.7 |
| 29 | 15 | Do. Wrnts. y | 15 | −1 | – | – | – | – |
| 5½ | 4¼ | Wilton Group 1p y | 4½ | ..... | – | – | – | – |

## NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, y Gamma.

*Unless otherwise indicated, prices and net dividends are in pence* and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ *Figures or report awaited*
- ψ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ⁑ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ǁ *No par value*

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based *on prospectus or other official estimates for 1988-89.* G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv 20p. y | 80 | +2 |
| Craig & Rose £1. y | 810 | ..... |
| Finlay Pkg. 5p. y | 57 | +1 |
| Holt (Jos) 25p. y | 1333 | −5 |

### IRISH

| Stock | Price | + or − |
|---|---|---|
| Cap 8½% Ln. 1991 | £96¼ | ..... |
| 9pc Cap Ln 1996 | £92½ | ..... |
| Fin. 13% 97/02. | £109 | ..... |
| Arnotts | 450 | ..... |
| Carroll (P.J.) y | 160 | ..... |
| Hall (R. & H.) | 135 | ..... |
| Heiton Hldgs. y | 80 | −2 |
| IPG | 215xd | ..... |
| United Drug | 165 | ..... |

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

| Stock | p |
|---|---|
| Allied-Lyons | 39 |
| Amstrad | 5½ |
| Astec (BSR) | 5½ |
| BAT | 63 |
| BOC Grp | 45 |
| BTR | 36 |
| Barclays | 49 |
| *Blue Circle* | 19 |
| Boots | 23 |
| Bowaters | 38 |
| Brit Aerospace | 42 |
| British Steel | 9 |
| Brit Telecom | 25 |
| Cadburys | 27 |
| Charter Cons. | 40 |
| Comm Union | 40 |
| Courtaulds | 24 |
| Eurotunnel | 60 |
| FKI | 7 |
| FNFC | 22 |
| Gen Accident | 90 |
| GEC | 18 |
| Glaxo | 56 |
| Grand Met | 45 |
| Guardian | 19 |
| GKN | 33 |
| Hanson | 18 |
| Hawker Sidd | 55 |
| ICI | 85 |
| Ladbroke | 25 |
| Legal & Gen | 34 |
| Lex Service | 26 |
| Lloyds Bank | 22 |
| Lucas Inds | 52 |
| Marks & Spencer | 17 |
| *Midland Bk* | 27 |
| Nat West Bk | 29 |
| P & O Dfd | 50 |
| Polly Peck | 37 |
| Racal Elect. | 19 |
| RHM | 35 |
| Rank Org Ord | 68 |
| Reed Intnl | 33 |
| STC | 20 |
| Sears | 9½ |
| SmKl. Beecham A | 46 |
| TI | 38 |
| TSB | 11 |
| Tesco | 17 |
| Thorn EMI | 61 |
| Trust Houses | 22 |
| T&N | 17 |
| Unilever | 56 |
| Vickers | 18 |
| Wellcome | 60 |

### Property

| Stock | p |
|---|---|
| Brit Land | 32 |
| *Control Secs* | 5 |
| Land Securities | 44 |
| MEPC | 44 |
| *Mountleigh* | 14 |

### Oils

| Stock | p |
|---|---|
| Aviva Petlm | 5½ |
| Brit Petroleum | 28 |
| *Burmah Oil* | 52 |
| Conroy Petlm | 12 |
| Gaelic Res | 4½ |
| Premier | 10 |
| Shell | 37 |
| Tuskar Res | 10 |
| Ultramar | 31 |

### Mines

| Stock | p |
|---|---|
| Lonrho | 22 |
| RTZ | 45 |

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FINANCIAL TIMES
Weekend April 7/April 8 1990



# Easter brings brief respite for Tories

By Philip Stephens, Political Editor

THE Conservative MPs who headed for their constituencies this week for their two-week Easter break can expect only a brief respite from the harsh political realities of the Government's deepening unpopularity.

For Mrs Margaret Thatcher, the quiet that has descended on the Westminster rumour-mills promises only a temporary lull in the intense speculation about her future as party leader and Prime Minister.

After some of the most turbulent months since the Government first took office more than a decade ago, the opinion polls have confirmed that it faces its biggest electoral threat from the Labour Party since 1979.

Mr Neil Kinnock's remodelled party has established a lead of about 25 points over the Conservatives – its best in 50 years of opinion polling. If the history books are taken as a guide, the Government's position in the run-up to the election, due by mid-1992, appears hopeless.

Mrs Thatcher, meanwhile, has seen her personal popularity drop to its lowest level. According to the latest Gallup poll, her standing is lower than that recorded by any post-war Prime Minister.

"It is the worst I can remember," one Cabinet minister confided this week as he surveyed events since January. What really worried him, however, was the prospect that the outlook for the next few months was still bleaker.

A day after the House of Commons returns on April 18, the Government faces a backbench rebellion on its plans to give full British citizenship to 225,000 people in Hong Kong.

The rebellion will be led by Mr Norman Tebbit, whose public announcement last week that he would stand against Mr Michael Heseltine in any leadership challenge has hardened the conviction of many MPs that a contest is inevitable.

Two weeks later, MPs expect the local elections on May 3 to confirm that the combination of the poll tax and 15.5 per cent mortgage rates have generated a backlash that they can no longer dismiss as "mid-term blues." Inflation, meanwhile, will rise to a peak of about 9 per cent in the summer.

The Prime Minister, typically, is not pausing for breath. She will spend part of the Commons recess on a trip to Bermuda for a meeting with President George Bush.

The message from Downing Street is that it is "business as usual." Mrs Thatcher, who only a week ago told Conservative loyalists that there was "no vacancy" at 10 Downing Street, is made of sterner stuff than the faint-hearts on the Government's backbenches.

Those close to the Prime Minister, although admitting a challenge this autumn may now be unavoidable, insist that she will not stand aside whatever the pressures. Such a move, they believe, would open the door to Mr Heseltine.

According to one senior minister, Mrs Thatcher could simply not bear the idea that she had handed the party over to the man who stormed out of her Cabinet four years ago and is deeply at odds with many of her most cherished policies.

The minister said: "The first thing Michael [Heseltine] would do would be to overturn her policy on Europe and promise to dismantle the poll tax. She could not accept that."

The prospect of a sharp improvement in the outlook for inflation and interest rates early next year would also strengthen her resolve to stay.

Others, however, are thinking at least about the possibility that if the pressures intensify, Mrs Thatcher might choose to bow out or face the possibility of being fatally wounded by a formal challenge in the autumn. There are suggestions from some younger ministers that in such circumstances the party establishment at Westminster would promote Mr Douglas Hurd, Foreign Secretary, as a caretaker candidate.

For the moment it is all still speculation. However, the last few months have shown just how quickly the political climate can change. Clichés about long hot summers seem curiously appropriate.

**Poll tax protests, Page 4; Editorial Comment, Page 6; Damning verdict from abroad, Page 7**

## Luce warns of 'panic in the air'

**MR Richard Luce (left), the Arts Minister, warned yesterday of "panic in the air" in the Conservative Party and said it had to "pull itself together."**

**It was the first time during the present government troubles that a minister has publicly admitted all is not calm beneath the surface.**

**In a letter to his Shoreham constituency association, he said: "We [the Conservative Party] are now sailing through the eye of a storm. Either we drift, panic, argue with each other and sink – or we face the problems rationally, calmly and re-establish a firm course."**

# Pall Mall lifts Laing stake to over 40%

By Nikki Tait

THE FUTURE independence of Laing Properties, currently on the receiving end of a £492m hostile bid from Pall Mall Properties, is in the balance after the bidder yesterday launched a fresh market raid, taking its holding in Laing to more than 40 per cent.

Significantly, one of the sellers was the Stewards Company, acting on behalf of the J.W. Laing Trust and the J.W. Laing Biblical Scholarship Trust.

The actions of a variety of trusts, which control about 40 per cent of Laing's equity in total, has always been seen as critical to the outcome of the battle. Stewards is the only seller to date.

Stewards did not, however, part with its entire holding. It sold half its interest in Laing ordinary shares and half its holding of convertible unsecured loan stock. The disposals amounted to 2.34 per cent of the equity and 16.32 per cent of the loan stock.

In a letter to Laing's advisers, Stewards, which has taken advice from Hill Samuel, the merchant bank, made clear that it did not intend to accept Pall Mall's offer, now declared final, in respect of its remaining holding. By holding on to half its stake, Stewards is thought to have taken the view that it could gain if the current offer fails and a higher price is forthcoming at some unspecified stage.

However, Pall Mall, which is the joint bid vehicle for Peninsular and Oriental Steam Navigation and Mr Elliott Bernerd's privately-owned Chelsfield group, was quick to follow up its initiative.

It claimed that the sale decisions by Stewards and other institutions was a "clear endorsement" of its offer price and sent a further circular to shareholders.

That assertion was quickly contested by Laing, which again protested that the offer was inadequate and urged shareholders not to sell.

Pall Mall launched its market raid yesterday morning and by lunchtime spoke for 40.2 per cent of the ordinary shares. Pall Mall also had a minute number of acceptances at the last closing date. Laing shares jumped from 653p to 685p, still some way short of the 725p-a-share offer price.

Pall Mall also controlled 53.6 per cent of the convertible loan stock by lunchtime.

# Stanhope given deadline over Royal Docks site

By Hazel Duffy

AGREEMENT must be reached before the end of next month on the future of one of the most important remaining sites in London's Docklands, the London Docklands Development Corporation has told Stanhope Properties.

Negotiations with Stanhope have dragged on for many months over the price for the 300 acres owned by the LDDC in the Royal Docks, at the eastern end of Docklands. The delay, along with others in the area, has had a damaging effect on the LDDC's projected cash flow.

If no agreement is reached, Stanhope will be free to withdraw from the project, forcing the LDDC to seek other interested parties.

Stanhope was originally to have developed the site with Rosehaugh, but Rosehaugh pulled out in February when the strains in Rosehaugh Stanhope Developments, their joint venture company, were publicly acknowledged.

Statements in the press by Mr Stuart Lipton, Stanhope's chief executive, alluding to difficulties the company said it had encountered with the LDDC, were dismissed this week by Mr Michael Honey, LDDC chief executive, as "a smokescreen."

**Michael Honey: LDDC held to its side of the bargain**

He said: "They have had many months to come to a decision. We have held to our side of the bargain."

The delay in concluding this and other deals in the Royal Docks has badly dented the LDDC's cash flow plans. Land disposals were to have financed the £250m extension of the Docklands Light Railway to Beckton. Instead, the Treasury has had to pay for the extension, which is vital to the opening up of the Royal Docks.

The LDDC will pay back the money when land sales resume. However, the downturn in the commercial property market has led developers to try to buy land at the cheapest possible prices.

Rosehaugh Stanhope put in its bid for the Royal Albert Dock – one of the three big sections into which the Royal Docks have been split for marketing purposes – in mid-1988.

The proposals, which have been granted outline planning permission, were for a mix of retail, leisure, housing and a business park.

Housing has since been dropped from the plans, apart from housing association accommodation, since there is not a market for it.

Proposals for the development of another part of the Royal Docks, to include a sports and entertainment arena, await the Government's decision on an application by the developers for grant aid.

## THE LEX COLUMN

# London waits for overseas orders

It has been a quiet week in the London market, and it is easy to see why. The two main influences on world markets, Japan and West Germany, have been at their most puzzling. It is now clear that the terms for German currency union will not be fixed for a month or two, which means the outlook for West German interest rates is in suspension. In Tokyo, the collapse in the equity market may have been halted, but no-one is quite sure.

The most persuasive argument for a short-term recovery in Tokyo is the ludicrous depth of despondency reached earlier in the week. On Wednesday it was rumoured that speculators were in trouble. By Thursday there were tales of suicides, brokers beaten up by gangsters and Nomura going bust. The last bit in particular smacks of the last stages of a sell-off; and the sharp rally on Thursday afternoon contained an element of genuine institutional buying as well as the usual artificial support.

At its lowest this week, the Nikkei Dow reached 27,250 (by yesterday, it was 2,000 points higher). The bullish case is argued by Salomon: if Japanese bond yields settle around six per cent – a percentage point lower than now – equities are fair value at 27,300, on the conventional basis of earnings yields versus bond yields. But bond yields, in turn, depend crucially on the yen.

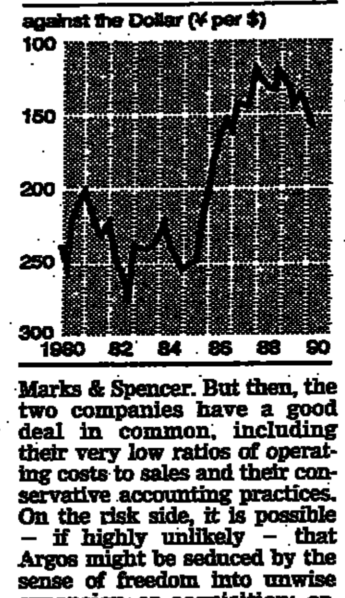
The bullish case for the yen again depends on the level of gloom among Japanese institutions, who are reportedly unanimous in expecting the rate to slump to Y170 to the dollar. The 160 level in fact proved a barrier of sorts this week, and the rate touched 156 yesterday. But the fundamentals may not be on the yen's side once this weekend's G7 meeting is out of the way, especially since the unprecedented policy disarray among the Japanese authorities – reminiscent of last year's rows between Thatcher and Lawson – makes the interest rate weapon hard to deploy.

In purely domestic terms, the UK market is supported by a historic yield – thanks to the latest results round – of close to 5 per cent. But it is hard to see the market moving ahead until matters have been clarified overseas.

**FT Index fell 16.1 to 1,749.2**

**Yen**

**against the Dollar (¥ per $)**




### Argos

The first day price of 202p for Argos leaves little to chance, since it puts the shares on almost the same rating as Marks & Spencer. But then, the two companies have a good deal in common, including their very low ratios of operating costs to sales and their conservative accounting practices. On the risk side, it is possible – if highly unlikely – that Argos might be seduced by the sense of freedom into unwise expansion or acquisition; or, indeed, that its less fortunate competitors might be driven to suicidal pricing policies. The upside would consist of takeover, and there is even less chance of that. The seventh biggest retailer in the sector would be too formidable for a UK bidder, while an overseas predator would be more likely to settle for a joint venture.

Meanwhile, the price of BAT has settled down to accommodate the loss of its offspring. The next anxious moment for the share price comes on Monday, when the Californian insurance regulators will pronounce on the Hoylake/Axa bid. If Hoylake is turned down by the most important state, the whole bid must be in serious danger. But that is in the BAT price already; the risk lies rather in unexpected clearance, in which case the shares would be in for an exciting time.

### Sketchley

The directors of Sketchley move in mysterious ways. They incurred £1.2m in defence costs in a two-week bid from Godfrey Davis, which hurriedly retreated when it saw the extent of its target's problems. Now the board is searching every corner of the globe for an alternative to Compass, the latest bidder. The two managers found by Sketchley have a multinational pedigree – Mr Richardson with Hutchison Whampoa and Bond, Mr Bloom with Premier - which might suggest they will be slumming it at a company with turnover of just £200m. But it is also hard to see what makes Sketchley's directors and their three institutional backers so certain that the duo represent the best future for the company.

Neither has experience of running a dry-cleaning operation – although such a requirement would admittedly rather narrow the field of potential saviours – nor have they had any deep involvement in the other types of business run by Sketchley. The duo has not acted in partnership in business before. They have not had time to decide whether Sketchley is best unbundled or kept as it is. They are not immediately investing their own cash; instead each will receive 2.5 per cent of the equity in share options and a £125,000 pay-off if the deal falls through.

There are objections to the industrial logic – and probably the price – of the Compass bid. But the bidder at least has a track record as a management team and a plan for the break-up of the business. The marriage with Messrs Richardson and Bloom has been made in haste. Sketchley shareholders, who have already seen one bidder depart, may yet repent at leisure.

### Boots

Ten months after bidding for Ward White, Boots is still finding it tough to persuade the market on the merits of the deal. The shares have underperformed the stores sector by several percentage points since the bid was announced, not least because Ward White's profit margins seem to have been at least as overstated as the market had suspected. This week's resignation by two directors of Halfords, much the most glamorous part of Ward White, may not be too serious operationally; but it is unfortunate to the extent that Boots paid a premium for the management team.

Yesterday's news of five hundred job losses among supervisory staff must be set against the fact that Boots has one of the highest ratios of staff costs to sales in the entire sector. Given the competition developing for ordinary sales staff, such savings will assume increasing importance. But it is worth noting that the cuts are in the traditional and solid part of the business. It is still the Ward White operations, particularly DIY, which hold the market's interest.

## CHIEF PRICE CHANGES YESTERDAY

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (Dm)** | | | | **PARIS (FFrs)** | | | |
| **Rises** | | | | **Rises** | | | |
| Asko | 825 | + | 40 | Concept SA | 415 | + | 30 |
| Daimler | 955 | + | 15.5 | Ingenico | 150 | + | 8 |
| Porsche | 1145 | + | 55 | LVMH | 4795 | + | 245 |
| Rh'metall Berl | 460 | + | 37 | Pechiney CI | 320.9 | + | 26.9 |
| **Falls** | | | | **Falls** | | | |
| Commerzbank | 292 | – | 6 | SGE | 246 | – | 8 |
| Hamburg Elekt | 212 | – | 8 | UIF | 667 | – | 20 |
| **NEW YORK ($)** | | | | **TOKYO (Yen)** | | | |
| **Rises** | | | | **Rises** | | | |
| Browning-Ferris | 36¾ | + | 1⅜ | Honshu Paper | 1620 | + | 280 |
| Lockheed | 37½ | + | ¾ | Sata Constr | 1230 | + | 220 |
| **Falls** | | | | Seika | 607 | + | 103 |
| Morgam (J.P.) | 33¾ | – | 1¼ | **Falls** | | | |
| PNC Fin. | 34 | – | 3⅞ | Nippon Muki | 1050 | – | 120 |
| UAL | 165½ | – | ⅜ | Sapporo Brew | 1490 | – | 110 |
| Wells Fargo | 66⅞ | – | 1⅞ | Tokyu Car | 2180 | – | 220 |
| *New York prices at 12.30.* | | | | | | | |
| **LONDON (Pence)** | | | | | | | |
| **Rises** | | | | Anglian Water | 148 | – | 7 |
| British Land | 381 | + | 13 | Boots | 254 | – | 5 |
| Burmah Oil | 620 | + | 5 | Cable & Wire | 500 | – | 13 |
| Hammerson A | 729 | + | 9 | Calor | 277 | – | 10 |
| Laing Props | 685 | + | 32 | Costain | 255 | – | 10 |
| Pearson | 684 | + | 13 | de Morgan | 33 | – | 5 |
| STC | 263 | + | 7 | Mecca Leisure | 72 | – | 3 |
| WCRS | 258 | + | 15 | NFC | 207 | – | 8 |
| **Falls** | | | | Next | 83 | – | 7 |
| AB Electronic | 247 | – | 9 | Reuter | 1129 | – | 26 |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 17 | 63 | Dallas † | Dr | 6 | 43 | Madeira | C | 15 | 59 | Prague | R | 5 | 41 |
| Algiers | R | 17 | 63 | Dublin | S | 10 | 50 | Madrid | F | 10 | 50 | Reykjavik | S | -1 | 30 |
| Amsterdam | S | 10 | 50 | Dubrovnik | C | 16 | 61 | Majorca | F | 17 | 63 | Rhodes | S | 18 | 64 |
| Athens | S | 18 | 64 | Edinburgh | C | 8 | 46 | Malaga | F | 19 | 66 | Rio d'Janeiro | | – | – |
| Bahrain | S | 23 | 73 | Faro | F | 14 | 57 | Malta | S | 20 | 68 | Rome | C | 18 | 64 |
| Barcelona | F | 16 | 61 | Florence | C | 14 | 57 | Manchester | S | 10 | 50 | Salzburg | S | 11 | 52 |
| Belfast | F | 10 | 50 | Frankfurt | F | 10 | 50 | Melbourne | | – | – | S'Francisco † | C | 12 | 54 |
| Belgrade | F | 21 | 70 | Geneva | R | 6 | 43 | Mexico City | | – | – | Santiago | | – | – |
| Berlin | S | 10 | 50 | Gibraltar | R | 17 | 63 | Miami † | S | 16 | 61 | Seoul | F | 15 | 59 |
| Biarritz | C | 16 | 61 | Glasgow | R | 8 | 46 | Milan | S | 19 | 66 | Singapore | | – | – |
| Birmingham | S | 10 | 50 | Guernsey | S | 10 | 50 | Montreal † | Sn | 0 | 32 | Stockholm | R | 4 | 39 |
| Blackpool | F | 10 | 50 | Helsinki | S | 7 | 45 | Moscow | S | 7 | 45 | Strasbourg | C | 8 | 46 |
| Bombay | S | 30 | 86 | Hong Kong | F | 22 | 72 | Munich | C | 6 | 43 | Sydney | F | 25 | 77 |
| Bordeaux | F | 17 | 63 | Innsbruck | F | 10 | 50 | Nairobi | | – | – | Tangier | C | 17 | 63 |
| Boulogne | F | 10 | 50 | Inverness | R | 6 | 43 | Naples | C | 16 | 61 | Tel Aviv | S | 19 | 66 |
| Bristol | S | 10 | 50 | Isle of Man | S | 9 | 48 | Nassau | | – | – | Tenerife | C | 18 | 64 |
| Brussels | F | 9 | 48 | Istanbul | C | 14 | 57 | Newcastle | R | 9 | 48 | Tokyo | S | 14 | 57 |
| Buenos Aires | | – | – | Jersey | S | 11 | 52 | New Delhi | F | 27 | 81 | Toronto † | S | -3 | 27 |
| Budapest | R | 16 | 61 | Johannesburg | F | 19 | 66 | New York † | R | 8 | 46 | Tunis | | – | – |
| Cairo | S | 27 | 81 | Las Palmas | F | 20 | 68 | Nice | C | 14 | 57 | Valencia | F | 18 | 64 |
| Cape Town | S | 22 | 72 | Leeds | C | 9 | 48 | Nicosia | T | 20 | 68 | Venice | R | 14 | 57 |
| Cardiff | S | 9 | 48 | Lisbon | F | 13 | 55 | Oporto | C | 12 | 54 | Vienna | C | 10 | 50 |
| Chicago † | S | -4 | 25 | Locarno | | – | – | Oslo | F | 7 | 45 | Warsaw | R | 4 | 39 |
| Cologne | S | 11 | 52 | London | F | 10 | 50 | Paris | C | 12 | 54 | Washington † | C | 9 | 48 |
| Copenhagen | F | 8 | 46 | Los Angeles † | Dr | 14 | 57 | Peking | | – | – | Wellington | | – | – |
| Corfu | F | 19 | 66 | Luxembourg | S | 10 | 50 | Perth | S | 22 | 72 | Zurich | C | 7 | 45 |

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

# Firmer yen and Nikkei rise gives brighter outlook for G7 meeting

By Our Foreign and Economics Staff

A STRONG rise in the Japanese stock market and a strengthening yen yesterday provided a more optimistic outlook for the meeting in Paris today of finance ministers from the Group of Seven leading industrialised countries.

The Japanese currency's recent weakness is thought to be one of the main issues on the agenda for the G7, which consists of the US, Germany, Japan, France, the UK, Canada and Italy.

Ministers are also expected to discuss German monetary union, with concern growing that German interest rates may have to increase, possibly forcing rate rises elsewhere.

After a stormy week, the Nikkei stock average closed yesterday 1,029 points up at 29,278.78, in a busy day's trading with a sharp increase in volume. Government bond prices were also firm.

Agreement between the US and Japan on the Structural Impediments Initiative, a wide-ranging move to ease economic and trade tensions, helped to restore investors' shattered confidence.

After overnight gains in Tokyo, the yen closed slightly up in London and continued to strengthen in New York trading. At mid-session in New York, the dollar was quoted at Y157.55 compared with its high last week of just above Y160.00. The dollar's erosion was sharpened by news of a weak gain in US jobs last month.

US officials have said there will be no communique after the G7 meeting and have emphasised that the gathering is primarily for routine monitoring and surveillance of the G7 economies. Mr Ryutaro Hashimoto, Japan's finance minister, has been at pains to play down the impact that the meeting might have on the currency markets.

The best that Japanese officials are hoping for is a reasonably strongly-worded but vague commitment pledging support for currency stabilisation.

Mr Hashimoto has denied that the yen's weakness is top of the agenda in Paris. He has said that the G7 wants to discuss the transformation of Eastern Europe, including plans to establish a European Bank for Reconstruction and Development.

Mr Theo Waigel, West Germany's Finance Minister, and Mr Karl Otto Poehl, the Bundesbank president, will also be informing their counterparts about the latest plans for introduction of the D-Mark into East Germany.

Tension between the Bundesbank and the Government over this question has increased following signs that the Government will not follow completely last week's central bank recommendations for a two-to-one exchange rate between the D-Mark and the East Mark.

**US and Japan hail new trade pact, Page 3**

# Fiat and Ford Continued from Page 1

ket, any formal merger could run into opposition from the EC competition authorities. Legislation is due to be tightened later this year.

The world farm machinery industry has been expecting further corporate restructuring. Although the long decline in tractor sales has bottomed, the world market is almost a third lower than a decade ago.

The negotiations between Iveco, Fiat's commercial vehicles subsidiary, and Ford on the future of their heavy truck operations follow several recent restructuring moves in West Europe, which are leading to a radical reshaping of the world truck industry.

Iveco and Ford have already combined their truck interests in West Europe, where the Italian group took a 48 per cent stake and management control of Ford's UK-based European truck operations in 1986 to form Iveco Ford Truck.

Iveco is the second largest European truck maker with a share of close to 20 per cent (of trucks above 3.5 tonnes). However, it is largely absent from the North American market, where Ford holds about 9.6 per cent of the heavy truck market and nearly 20 per cent of the medium and heavy truck market.

# Rain forest plan Continued from Page 1

Conspicuously absent is Brazil, which has the biggest rain forests in South America but which has bristled over international green efforts because they are seen as impinging on national sovereignty.

The many new trees are supposed to offset the 6m tonnes of carbon dioxide a year that will be spewed out by SEP's two new power plants near Amsterdam and Rotterdam.

It has not been lost on the thrifty Dutch that the cost of planting trees in tropical countries is less one-twelfth the cost in The Netherlands.

# Weekend FT

SECTION II — Weekend April 7/April 8, 1990


IT IS fitting, in its way, that they run the Grand National in Liverpool, which is bleak, deprived, frightening, a place with a face like a pit bull terrier's: *Horrorcity*, home of the horror-race — a gruelling, heart-bursting, leg-snapping, neck-breaking, back-smashing, 4½-mile steeplechase around Aintree racecourse. Generally, the Grand National is portrayed as an imperishable drama; part of Britain's heritage; one of the high spots of international sport. But it is also, more simply, a wrecker and a killer.

A pall of controversy has attended the Grand National ever since they first staged it in 1839. Questions have been asked in Parliament. There was once a Bill to ban it. Last year, two horses were killed. Yet the Grand National is only one race in a season of National Hunt "sport" — steeplechase and hurdle races — that exacts a great toll of dead and injured horses. The extent of this toll is not widely known.

A steeplechase is a horserace over jumps — fences, mainly, some with ditches. There are 30 jumps on the Grand National circuit, some of them carnivorous. If they could talk, it is doubtful whether any of the horses in today's Grand National would express the remotest interest in grinding along for mile after mile, hurling themselves over the fences and then crashing back to earth, possibly to their deaths. But they do not have a choice. Their jockeys carry whips.

In 1979 the Grand National winner was a horse called Rubstic, trained by John Leadbetter. "People tend to think that it takes a horse with great guts to win the National," said Leadbetter. "They are wrong. Rubstic was the most gutless horse I have ever come across. He jumped because he was frightened to death of hurting himself in a fall. He won because he was clever."

There will be a carnival air at Aintree today, a mood of thuggish gaiety. The whiff of money will be everywhere. At 7.30am the Grand National runners will have been given their early morning exercise. At 10.30am the entertainment starts: an air display, parachutists, hot air balloons, double-decker rides around the course, laughter, bands, beer, food, a dog and duck display. At 1pm, five of the past six winners of the Grand National — Hallo Dandy, Last Suspect, Maori Venture, Rhyme 'N' Reason and Little Polveir — are due to parade in front of the stands, escorted by police. The crowd is expected to exceed 70,000. Racing begins at 2pm. In the minutes before the start of the Grand National at 3.20pm, the big-race runners themselves will be paraded.

Finally, the runners will be launched on their way in a thundering cavalry charge towards the first fence; and the second; and the third; and fourth; and fifth — and then . . . Becher's . . . Becher's Brook, Ugly Becher's, Killing Becher's, the sixth fence in the Grand National (also the 22nd: they go round twice) . . . the most notorious fence in National Hunt racing . . . the fence at which eight Grand National runners (some accounts say nine) have been killed since 1946 out of total fatalities, for the race, of 24, including two in last year's race, Brown Trix and Seeandem . . . the fence which has accounted for 112 Grand National fallers since 1946 from a total of 511 fallers out of 1,668 runners.

All told, four horses died at Aintree on Grand National day last year: the two in the National plus Kingsmill, which broke its pelvis when falling in the Sandeman Aintree Hurdle, and Enemy Action, a runner in the last race, the Novices Hurdle, which was walking back into the stableyard after the race when it shuddered with a heart attack and slumped dead at the feet of champion jockey Peter Scudamore.

Part of the mayhem at Becher's Brook during last year's National. Aintree racecourse has modified Becher's in an attempt to reduce the deaths and injuries

# The killing game

*National Hunt racing is a deadly business. Michael Thompson-Noel on the grim background to today's Grand National at Aintree racecourse in Liverpool*

One day's racing. Four dead horses. Perhaps more died later. That was the count in 1989. Will the toll this year be any lighter? If it is not, the thunderclouds of anger that will mass over Aintree could well engulf National Hunt racing.

Today's Grand National *ought* to be a safer race. Following the grisly deaths of Brown Trix and Seeandem at Becher's last year, the Aintree management has adopted a package of modifications aimed at reducing the number of deaths and injuries. In the words of Aintree's clerk-of-the-course and managing director, John Parrett, a 42-year-old accountant and former amateur jockey: "What confronted us was the difficult equation of retaining the great challenge of the Grand National while reducing the price of failure. There would have been no point in saving Aintree in 1983 [it was threatened with closure] if we were going to dilute the great race. Anyway, fatalities have to be judged on circumstances. National Hunt racing is a high-risk sport, just like motor racing."

First, Becher's. The fence itself has not been touched. It stays as it is: 4 foot 10 inches high, with a 17-to-23-inch "drop" on the landing side. But the ditch on the landing side has been lifted by 30 inches, making it only 15 in deep, including 1 in of water; the acute and dangerous backwards slope on the landing side has been eliminated; the outside of the track on the landing side has been altered, enabling horses to jump the fence straight instead of at an angle; and a new rail has been built to ensure that photographers and the public are positioned further back from the track, to reduce the risk of distracting the horses as they gallop towards Becher's.

Second, the calibre of the runners. Following last year's calamities, Aintree has altered the race conditions in a bid to improve the quality of the field — an overdue reform. "It is considered inappropriate," says Aintree, "that horses of little ability should be entered in a race of this stature. The minimum age for entries will remain at seven. For the last three Nationals (1987-89) there have been no restrictions on entries other than the seven-year age minimum."

Third, jockeys. The aim has been to bar the out and out head-bangers, to weed out the most eccentrically under-qualified. Now, Grand National jockeys must have ridden a minimum of 15 winners in steeplechase or hurdle races under the Rules of Racing. Foreign and amateur riders that have ridden less than 15 winners have to make a special application.

When the reforms were announced, John Parrett commented: "This was never going to be an easy task, but we believe that this package will achieve the objective of preserving the historical status of the race while reducing the risk of serious injury. It is probable that in some years certain aspects of the package will have more effect than others."

The Grand National started rumbustiously in 1839 when Captain Martin Becher, riding Conrad, approached one of the obstacles, thought to have been a fence with a 6-foot ditch (it may have been as wide as 8 ft) and was pitched headlong into the brook on the landing side, where he cowered out of the way of flashing hooves.

In 1928, when Tipperary Tim was the only unscathed finisher, a Bill to ban the race was introduced in Parliament. In 1959 (four finishers out of 34) the Home Secretary was told that the race was "an annual orgy of cruelty in the guise of sport." In 1987, when Dark Ivy was killed at Becher's, there were renewed calls for the brook to be filled in and the landing side levelled. In the 10 years to 1988 there were four occasions on which fewer than 10 runners completed the course. Eight of the last 12 deaths have occured at Becher's. The last time every horse negotiated Becher's safely on the first circuit was in 1970. (As at other racecourses, a licensed slaughterer — knacker — is always on duty, waiting to winch those that are shot, or die instantly, away in his lorry).

Curiously, the controversy about injuries, fatalities, cruelty and suffering seldom besmirches National Hunt racing as a whole. But steeplechase and hurdle races can be exceedingly dangerous. The death toll in Britain is huge: 177 dead horses in 1987, 182 in 1988 and 174 last year. These figures are supplied by the Jockey Club and are said to cover instantaneous deaths on the track, or deaths resulting from racecourse injury.

For example, three months ago a star steeplechasing prospect, The Proclamation — reported to have cost a six-figure sum when bought in Ireland — was injured at the fourth fence at Ascot. He did the splits. His hindlegs went from under him. Back at his Lambourn stable The Proclamation began to haemorrhage internally. Vets fought all night to save the horse. The following morning a specialist was helicoptered in from Newmarket. But the horse could not be saved, and had to be destroyed. In recent weeks, deaths at the racecourse seem to have come in waves.

Yet no-one seems to notice. The sport has flourished in recent years, but there has been virtually no public recognition or examination of what is going on. In any case, National Hunt racing is made up of powerful interest groups: owners (including royalty), trainers, racecourse managements, bookmakers, sponsors, media. (A good proportion of TV racing commentators are ex-jumps jockeys. Mindful of the cost and rewards of TV rights, most broadcasting organisations adopt a hand-in-glove relationship with the sports they cover that often verges on the supine).

The current three-day meeting at Aintree started in the worst way imaginable on Thursday with the deaths of three horses. In addition, David Elsworth, trainer of the legendary Desert Orchid, was fined £200 for cracking a 'Long Tom' whip so as to persuade Cavvies Clown to line up for the Martell Cup.

To date, the Royal Society for the Prevention of Cruelty to Animals has felt unable to voice unequivocal condemnation of the Grand National or of National Hunt racing. However, David Wilkins, the RSPCA's chief veterinary officer, says he greatly hopes that today's big race will cause less suffering than last year's.

"We have criticised various aspects of the Grand National over the last 20 years," says Wilkins, "starting with the structure of all the fences (too unyielding) to other things: the size of the field, the distance between the start and the first fence, Becher's Brook and the problem of riderless horses. (It is now much easier for riderless horses to exit the track).

"The Jockey Club has taken a positive line and has recognised public feeling. They have reduced the field to 40 (the RSPCA wanted 25-30) and taken a stricter look at the quality and handicapping of the horses. Becher's stuck in our craw for years, and Aintree has responded. The restructured Becher's is everything we wanted it to be."

I started to push Wilkins harder. "What about the deaths?" I prompted him. "Four at Aintree last Grand National day; at least four at the recent Cheltenham festival; more than 170 throughout the season; horses collapsing in the racecourse stable; vets arriving by helicopter; who knows how many horses injured so badly that they never see a racetrack again."

There was a pause on the line. "Any injury or any death," replied Wilkins cautiously, "is a tragedy, but we do concede that when someone gets on a horse, there

Continued on Page XXIV

The Long View

# The push-me pull-you stock market

PULLED ONE one way in the mornings by Tokyo and another in the afternoons by New York the British stock market has looked distinctly uncomfortable lately. But although it is off by 6 per cent or so since the beginning of the year, the 2200 level on the FT-SE 100 Index has held firm.

The international background has been unusually confusing. While the Japanese market has collapsed by around 35 per cent (all these movements are in terms of dollars) the German index is showing a 10 per cent rise.

In this context the London market could be said to have steered a reasonable midway course — although its relative weakness against Wall Street in the past few weeks has been a little worrying, given that until recently it had tracked the American market pretty closely.

I started the year by expressing caution about the outlook for equities. Share prices of many big companies had been inflated by takeover bids and the expectation of more.

There was an apparent scarcity of stock caused not only by the spate of cash bids but also by the surprising readiness of British companies, perhaps apeing their American counterparts, to finance themselves through debt rather than through issues of stock.

Finally, there was the risk that the Government's fiscal surplus would melt away, thus ending the buying-in of gilt-edged, and leading to a sharp rise in long bond yields which would put downward pressure on share prices.

Three months further on we can see these structural changes more clearly. For instance, it emerges that the financial deficit run up last year by industrial and commercial companies was even greater than expected at £23.4bn (including £7.6bn in the final quarter).

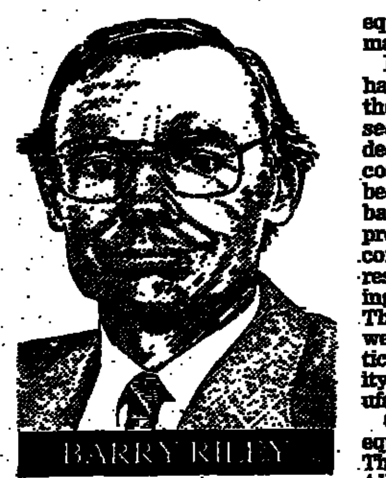
This dwarfs even the notorious 1974 deficit (which was about £10bn in terms of today's money).

As recently as 1987 the company sector was more or less in financial balance, but since then, although profits have been strong, interest payments have jumped by £11.6bn and dividends by £8.3bn.

Nevertheless companies have continued to increase their capital spending sharply, and have also gone on a spending spree in buying other companies' securities at home and abroad to the extent of nearly £29bn-worth in 1989. Overwhelmingly these were paid for in cash.

Whereas in 1985 the £7.1bn of acquisitions within the UK were 40 per cent financed by cash, last year cash constituted 82 per cent of the £26.1bn paid out (although some came from foreign bidders).

In the circumstances, long-term investment institutions have been increasingly forced to watch from the sidelines. For instance, the pension funds received something approaching £5bn in dividends



BARRY RILEY

**British industry's unprecedented borrowing spree left institutional shareholders locked out in the cold last year, but doors may soon open again**

from UK companies in 1989 but put less than £0.5bn of it back into the domestic stock market (although the life assurance companies were a little more active).

*Prices were driven out of the reach of the institutions*, or to put it another way, they were made offers they could not refuse. Instead the pension funds put £7bn into overseas equities and £2.5bn into money market accounts.

In 1990, quite clearly, there has been a decisive change in the behaviour of the corporate sector. Takeover bids have declined sharply in value, and corporate speculators have been unloading their holdings back on to the market. The profit and dividend news has continued to be surprisingly resilient, but there is increasing concern about the outlook. The CBI, for instance, this week published more pessimistic forecasts of domestic activity, and projected a fall in manufacturing investment.

On the fundamentals, British equities seem soundly priced. The yield of 4.9 per cent on the All-Share Index is only fractionally below the long-run average, and the price-earnings ratio of 11 on industrials compares favourably with anything seen since about 1982. However, averages are by definition exceeded as much as they are undercut. The question is whether there will be a major cyclical shift in the balance of power in the capital market.

The institutions have money: the life companies and pension funds last year had cash flow of £25bn, of which only a net £4bn went into UK equities (and all of that in the first half of the year). It looks as though the corporate sector is going to need equity capital to restore its balance sheet. Remember that between 1974 and 1975 new equity issues, in terms of 1990 pounds, jumped from £0.5bn to £4.5bn. It is true that the typical company chairman now appears very reluctant to go cap in hand to his distrusted and even despised institutional shareholders. Necessity is the mother of intervention, however, and the two sides will have to do a deal. But at what price?

You can sense the change in mood of the market. Pension funds began the year with about 7 per cent of their portfolios in cash, the sort of level which has caused them to chase the market higher in past years (as in 1989, for instance). This year, however, fund managers are evidently confident that there is no hurry. Later, probably within a few months, the stock will be offered to *them* in quantity. In other circumstances overseas buyers might have altered the balance, but the Americans and the Japanese are presently wrapped up with their own problems.

In general, I suspect, the institutions will be content to feed money into the market at levels only modestly — say 5 to 10 per cent — below existing prices. But it could get worse than this if the economy encounters a hard landing, in which case uncertainty about company profits would interfere with the smoothness of the recapitalisation process. You can look at it as you like, depending on whether you are a morning or an afternoon sort of person.

The Tokyo crash and the small investor: Page III

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# MARKETS

## FINANCE & THE FAMILY: THIS WEEK

### The Tokyo crash: will it be contagious?

**John Plender** reports on the puzzle posed by the spectacular losses in Japan's stock market. Plus **Sara Webb** on how unit trusts have performed in the first three months of this year. **Page III**

### Investment trusts: the hard sell

If new proposals from the Securities and Investment Board are accepted investment trust management companies — the organisations which plan the investment policies of the trusts — will be able to market their savings schemes much more aggressively than in the past. **Terry Dodsworth** reports. **Page V**

### Vintage investments

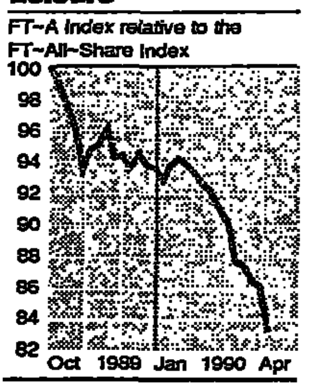
Wine prices are moving up again. Demand for good wine, and especially for well known French names, continues to expand faster than supply. **Michael Field** advises on buying fine wines for your portfolio. **Page VI**

### Minding Your Own Business

The idea of making a living from a hand craft is a powerful lure. But for most it must remain a labour of love — making a profit from crafts is a very difficult tricky art. **Jessica Alexander** lists organisations that can help and finds two entrepreneurs who make a happy and profitable living by working in wood. **Page VII**

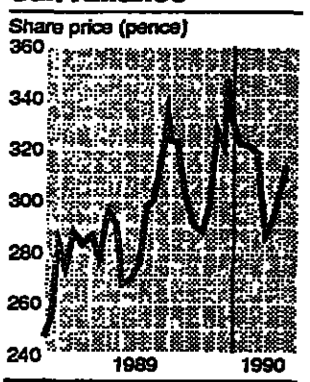
**Leisure**

*FT-A Index relative to the FT-All-Share Index*




**Sun Alliance**

Share price (pence)




### Mecca debt fears hit leisure sector

Leisure stocks on the London stock exchange lived up to their reputation as the worst performing sector of the year when most were dragged lower by figures from Mecca Leisure this week. It was not that the company was trading particularly badly, although analysts saw little to celebrate about; it was the high and growing level of debt that worried the market. Most researchers cut their profit forecasts sharply.

Shares in the likes of Rank Organisation and Brent Walker — also with a high level of debt — also retreated quickly. The consensus of observers was that while the recession of 1980-1 hurt a manufacturing sector which had overborrowed, the victims this time looked like being the overborrowed service sector. *Daniel Green*

### Profits drop at Sun Alliance

Sun Alliance Group this week reported a 14 per cent drop in pre-tax profits to £318.6m for 1989. Analysts expect the cost of this winter's storms in the UK and a deteriorating world insurance market to slash pre-tax profits by two-thirds to around £110m this year. Yet the share price rose 20p (about 7 per cent) on the news. The rise was based on four major features: a 22 per cent dividend increase; the fact that other major composites suffered far greater profit cuts; and that Sun Alliance has an exceptionally strong balance sheet and the Board has virtually guaranteed another substantial dividend increase this year, despite the expected profit decline. *Eric Short*

### Single trading floor planned

The London International Financial Futures Exchange (Liffe) is combining with the London Traded Options Market to form a single organisation to deal in stock options, stock index futures and financial futures on one floor, it was announced this week. The aim of the reorganisation is to make London a more effective centre for trading financial derivatives at a time when there is expected to be growing competition from the rest of Europe. The two exchanges are also aiming to prevent the duplication of their product ranges as they develop *Terry Dodsworth*

### No commission on Argos shares

Small shareholders in Argos, the stores group which was spun off as a new issue by BAT Industries this week, can sell their shares free of commission through a specially organised company scheme. The scheme only applies to holdings of 500 or fewer Argos shares and the shareholder has to sell his or her entire holding to comply. In addition, the scheme closes on May 4. Shareholders interested in using the facility can apply to the company's registrars, where the shares are lumped together for sale on the next business day. Argos point out that a typical minimum commission charge amounts to between £20 and £25. *T D*

### Bristol & West to expand

The Eagle Star insurance group is lending £50m to Bristol & West, Britain's tenth largest building society, in a move aimed at stimulating the growth of both companies. Bristol & West intends to use the additional finance to develop more sites in main shopping areas, and says it is also interested in acquiring other organisations. Eagle Star will sell life insurance and investment services through the Bristol & West network. The loan will initially be held in a share account in the building society, but the company is eventually hoping to convert it into a new form of equity. *T D*

### And the answer is . . .

"If a credit card has an APR (Annual Percentage Rate) of 30 per cent and you use it to borrow £1,000 for a whole year, how much interest do you pay over the year?" Save & Prosper found from a survey of credit card users that only 51 per cent of those questioned knew the correct answer (£300). If you borrow on your credit cards and want to know *in more detail how much the different credit cards charge in* interest, Save & Prosper has produced a free comparison of bank credit cards. It is available from Save & Prosper Group, Customer Services, Freepost, Romford RM1 1BR (0800-282101). *Sara Webb*

### More glitter for gold card

National Westminster bank has improved some of the benefits available to holders of its gold Mastercard. The annual charge for holders of a NatWest Gold Plus card has increased from £50 to £60 a year (if you settle by direct debit, and from £60 to £70 if you don't use direct debit). The gold card entitles you to a £10,000 overdraft, a £250 cheque guarantee limit, and complimentary card protection. Medical cover has been increased from £500,000 to £1m if you use the gold card to pay for a trip, cancellation and curtailment cover is up from £1,500 to £3,500, and personal baggage cover has gone up from £750 to £2,500. *S W*

### Account for treasurers

An interest-paying cheque account aimed at club treasurers has been launched by the Bank of Scotland. The "Treasurers" account pays interest gross where eligible, such as with charities, and there is no minimum deposit level before interest is earned or on the number of cheques which can be used. The bank has also started a sterling Premier Investment Account for overseas residents, who want to benefit from the current high rates of interest on sterling and draw a regular monthly income. *J E*

LONDON

# Small riot in city, not many shares hurt

THESE DAYS it must be increasingly difficult for Margaret Thatcher to summon a cheerful smile at tree-planting ceremonies and official dinners.

Yesterday, for example, the Prime Minister woke up to find Labour had the biggest lead over the Conservatives for 50 years.

She also has to live with the knowledge that she is the least popular British Prime Minister since polls on the subject began in 1938. That must be pretty depressing, especially if she reflects that her popularity rating is lower even than Neville Chamberlain's in May 1940, when Britain was facing invasion by a foreign power.

Ending the first quarter to the sound of running riots in central London does not predispose the stock market to buoyant high spirits, either.

The All-Share Index slipped in the first three months of the year — the first decline in the quarter since 1978, when the incumbent Labour Government was also suffering in the opinion polls. The All-Share had recovered somewhat by the end of 1978, but that may have had more to do with the impending election victory for the City's favourite party.

In 1990, now that the tables have turned and most of the corporate and economic signals are gloomy, the equity and currency markets have been surprisingly resilient.

Traders have not removed last week's blinkers completely, but they have started to glance cautiously at neighbouring markets. On Monday, for example, after Japan's Nikkei average had plunged nearly 2,000 points, the second largest drop in its history, the FT-SE 100 index responded in kind — down 36 points at one stage. But when Wall Street opened without slithering into oblivion, Footsie recovered to end the day 26.8 points lower.

Perhaps this marks the renaissance of global trading without tears. On the other hand, it could be that the UK market is winning by default. If you are an equity investor, Tokyo is clearly not the place to be at the moment, even though the Nikkei put in a strong recovery later this week; Wall Street's buoyancy appears to be deflating and West Germany is having to come to terms with the nitty-gritty of unification.

That leaves London, where equities still yield an attractive 4.85 per cent and the street-fighting is, as yet, only sporadic.

Nonetheless, Footsie was in erratic mood this week. It recovered most of Monday's losses the following day as the market again looked outside the UK for evidence of equity strength, and finally ended the week down just 21.8 points at 2,221.1.

Footsie does seem to be supported at the 2,200 mark on relatively firm foundations of yield and institutional cash, but otherwise the pressure on equities is all downward. The coming week's economic figures — following the statistical famine of the last fortnight — could increase the squeeze. March producer prices will emerge on Monday, and statisticians are preparing an Easter gift to take home on Thursday in the form of February's average earnings, and unemployment and retail sales figures for March.

This has been an unexpectedly mild company results season. In the coming weeks, as retailers and builders bring their results to the City, the perception that corporate UK has ridden the downturn well may alter slightly, especially if the market is unsettled by a few cautious trading statements. An air of nervousness persists, particularly about the havoc high interest rates may have wrought on company balance sheets.

The reaction to the state of Mecca Leisure Group's borrowings, unveiled on Tuesday, was instructive. Mecca — which swallowed Pleasurama at the end of 1988 to become Britain's biggest leisure group — revealed that year-end borrowings stood at 110 per cent of shareholders' funds. The market had expected gearing of 80 per cent. Delays in selling some of Pleasurama's businesses and a downturn in the London casino market were behind the increase.

Shares in Mecca, which also announced profits of £91.4m before tax, slipped 30 per cent on the day and ended the week down 49p at 72p.

Other results from large companies this week seemed to indicate a more heartening triumph over adversity. Inchcape, the international services and marketing group, pushed up 1989 pre-tax profits by 19 per cent to £176.3m, in spite of difficult motor trading conditions. Lucas Industries overcame a drop in UK automotive profits to record profits of £80.1m in the six months to January 31 — up 11 per cent on the equivalent period, bolstered by its aerospace operations. Sun Alliance bucked the sector trend by announcing a drop in profits from £372.4m to £318.6m — less severe than other composite insurers.

There is also evidence of optimism in the property sector, which has been spurned by investors in recent months. SPP, the Swedish insurance group, emerged with a recommended bid for London & Edinburgh Trust, valuing the property company's fully-diluted equity at about £500m and giving a £40m Easter nest-egg to each of the two Beckwith brothers, who founded the group and own a 20.5 per cent stake. Notable stakebuilders in the sector included Olympia & York, the private Canadian property group handling the giant Canary Wharf project, which has built up an 8.25 per cent holding in Rosehaugh, the British property group. Their move, announced on Thursday, was followed yesterday by news that Peninsular and Oriental Steam Navigation and Chelsfield had increased their stake in Laing Properties — target of their hostile joint bid — from 30 per cent to more than 40 per cent.

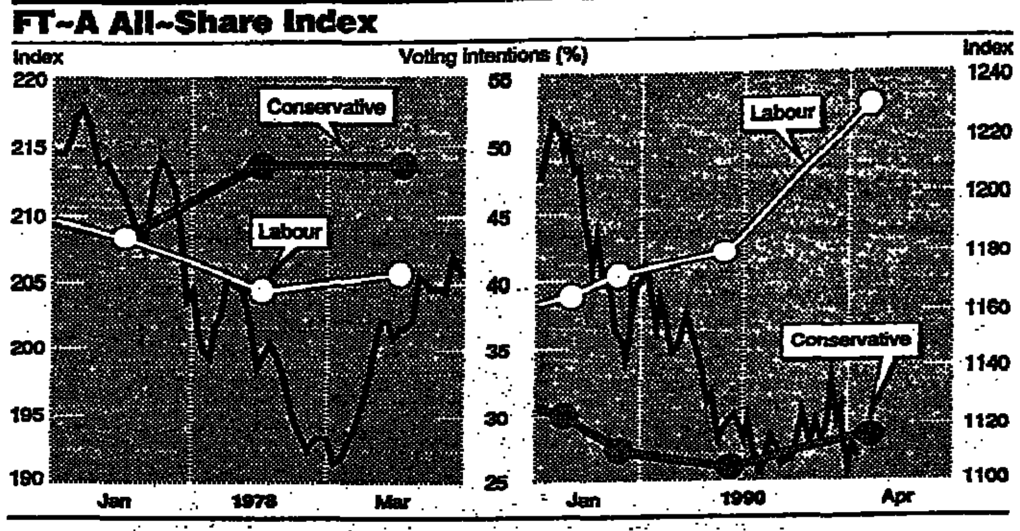
A week in which Marmite, Ambrosia, and Bovril were sold to a US company (CPC International bought them for £157m on Monday from SmithKline Beecham) has not been one in which to rely on traditional values.

Even fine art, the last refuge for serious money in recent years, has felt the squeeze. The Impressionist and Modern picture sales by Christies and Sotheby's — on Monday and Tuesday — saw 21 per cent and 36 per cent of the works unsold, as Japanese investors licked their wounds after Monday's equity market slump in Tokyo.

It has not deterred all of them: one telephone bidder from Japan paid £3.74m for a 1949 painting by Chagall at Tuesday's auction in London, a record for the artist. There are still some investors with pocket money to spare.

**Andrew Hill**

**FT-A All-Share Index**




### HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1990 High | 1990 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 2221.1 | -26.8 | 2463.7 | 2216.0 | Nervousness over Tokyo |
| AB Electronic | 247 | -18 | 299 | 247 | Interim profits down 24% |
| BAA | 386 | -15 | 417 | 365½ | Stakeholder issues bond conv to BAA |
| Brent Walker | 309 | -30 | 376 | 304 | In sympathy / high debt |
| British Land | 381 | +40 | 430 | 325 | Restructuring plan |
| British Telecom | 263½ | -16½ | 316 | 260½ | Political fears / broker downgrade |
| Burmah Oil | 620 | +24 | 698 | 586 | Premier stake/Pakistan gas discovery |
| Costain | 255 | -23 | 318 | 253 | Nervous in front of prelim figs Wed |
| Laing Properties | 685 | +30 | 705 | 480 | Pall Mall raises stake |
| Lloyds Bank | 286 | -15 | 307½ | 277 | Brokers downgrade forecasts |
| Mecca Leisure | 72 | -49 | 176 | 65 | Results reveal growing debt |
| North West Water | 150 | -11 | 172½ | 148 | Political uncertainties |
| Reckitt & Colman | 1169 | +51 | 1281½ | 1069½ | BZW assessment/brand consid'ns |
| STC | 263 | +19 | 281 | 239 | Takeover spec / bear squeeze |
| Sun Alliance | 307 | +12½ | 350 | 282 | Better-than-expected prelims |

# That was the great bull market, that was

WALL STREET

THIS IS a valedictory column. From next week, this space will be under new management. So, after almost four years of watching sceptically from the wings, it seems appropriate to look back over the *Bull Market of Our Lifetime*.

From a long-term perspective, the change in the column's management could not have been timed better. The bull market seems to be approaching its third and possibly decisive climax. On Thursday morning, the Tokyo stock market appeared to survive a cathartic sell-off similar to the one on Wall Street on January 25. As a result, stock markets around the world are now in a position to resume their post-January rally and an early challenge of Wall Street's all-time records may be on the cards.

It will then be time to address the $64bn question: Is this the end of the Bull Market of our Lifetime, or does a take-off into uncharted territory lie ahead?

From a short term perspective, the market's own behaviour as it approaches its previous peaks will offer some useful pointers. If trading remains thin and scepticism pervasive, there will be reason to expect a further climb. But if investor confidence revives too abruptly, there is danger ahead.

At present, a return to the dangerous complacency of late 1989 seems rather likely. Just as the mini-crash last October inoculated Wall Street against its dread of a repetition of Black Monday, the plunge in Japanese share prices may finally have put to rest the greatest paranoia left over from 1987: the worldwide financial panic which was supposed to follow the bursting of the Tokyo asset bubble.

But it will be larger economic and psychological forces that finally determine the market's direction — and this is where a look back over history may come in useful.

It is now seven and a half years since Wall Street suddenly sprang to life in the *midst of the terrible recession* of 1981-82. The market hit bottom in August 1982 at 776 on the Dow. In the next 16 months stock prices rocketed by 66 per cent, hitting the first major peak of the great bull market at 1287 on the Dow in December 1983. There followed a quick 15 per cent sell-off, which took the Dow back to 1,087, before the second phase of the bull market started in August 1984.

This second and greatest wave of buying enthusiasm, the core period of the great bull market, sent prices up by 150 per cent, Weaking at 2,722 on the Dow in August 1987. The never to be forgotten bullish frenzy that summer gave way almost immediately to the even more memorable collapse which culminated on Black Monday. In all, the Dow fell by 36 per cent in the three months from the August zenith to the nadir of 1,739 on October 19.

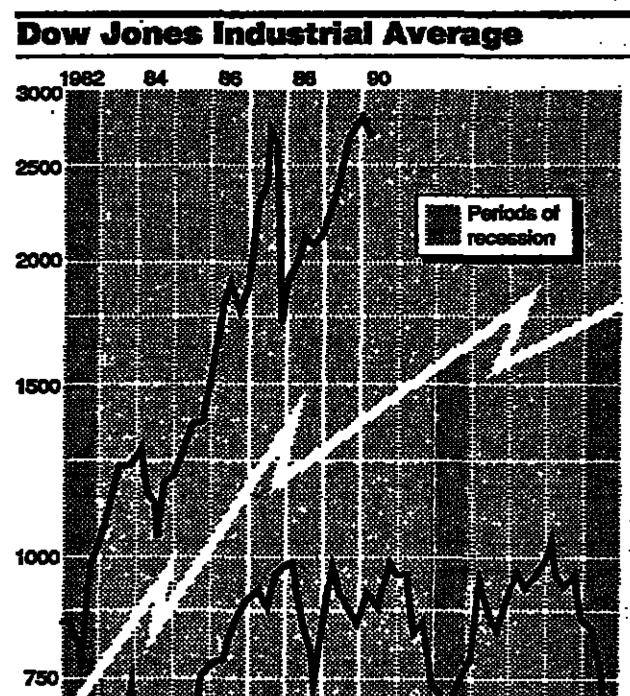
| | | |
|---|---|---|
| Monday | 2700.45 | − 6.76 |
| Tuesday | 2736.71 | + 36.26 |
| Wednesday | 2719.37 | − 17.34 |
| Thursday | 2721.17 | + 1.80 |

Then, after a period of healing which seemed much longer at the time than it does in retrospect, there followed the third phase of the bull market, the one which is now being played out.

How and when will this phase end? Or has it perhaps ended already, with the "double top" at around 2,800 created by the twin peaks of October 13 1989 and January 4 this year?

One place to look for clues is in the history of past business cycles. Since the summer of 1988, when it became apparent even to hardened pessimists that the crash of 1987 was not the precursor of a 1930s-style financial cataclysm, this column has looked repeatedly for lessons from the last comparable period in US economic history — the Golden Age of the 1960s.

**Dow Jones Industrial Average**




Not only was this the only period of uninterrupted economic growth longer than the expansion of the 1980s. It was also the last time that US policymakers have been free to practise Keynesian economic fine-tuning with little regard, at least until the final stages of the cycle, for the potential inflationary implications or the balance of payments effects. In terms of stock market performance, the parallels between the two periods have become more striking with every month that has gone by.

The chart illustrates the point. The price swings of the 1980s have been much more extreme than those of the 1960s, in part perhaps because of financial deregulation, but also doubtless because equities started at much more undervalued levels in the current bull market. However, the shape and timing of the two cycles appears remarkably similar, despite the much wilder character of the bull market this time round.

The bull market of the 1960s, like that of the 1980s, went through five major phases: a surge from the recession trough of October 1960 to the peak of December 1961; a sharp retreat in the next seven months; the "core" advance of the bull market from June 1962 to February 1966; a steep eight-month drop; and then a final three-year advance, culminating in December 1968 very near the previous peak of 1966.

Even more striking than the five-phase pattern of both of the great bull markets has been the uncanny coincidence in their timing. Both bull markets started in the midst of recession, three months before the economy started to expand. From then on, the ups and downs moved in an almost perfect unison, always within six months in relation to the starting dates of the two cycles. *The final leg* of the 1960s bull market peaked in December 1969, 8¾ years after the expansion started and one year before the start of the mild recession of 1969-70.

If history were literally to be repeated, this parallel would imply a final peak of the current bull market this summer, probably at a price not very different from the level of 1987 ie in the range of 2,750 to 2,850 on the Dow. Of course, history is most unlikely to repeat itself so literally. But the fact that virtually nobody on Wall Street seems to have noticed the uncanny parallels between the great economic cycles of the 1960s and the 1980s suggests that there may be some useful life in this model left.

What, then, would happen if the Bull Market of our Lifetime were to unravel in the same way as the 1960s Golden Age?

In contrast to the false signal of Black Monday, the stock market decline later this year would foreshadow a mild recession, probably beginning around the middle of next year. The stock market would bottom out in the second half of 1991, at a level somewhat below the trough of 1,750 reached on Black Monday. The economy would begin to recover shortly afterwards, perhaps after a collapse of the dollar, pulling out of recession by mid-1992 — just in time for the next presidential elections.

There would then follow an *increasingly unsound boom* in all kinds of financial assets, as it became apparent that the inflationary expectations and speculative behaviour of the 1980s had not really been tamed by the brief and mild recession of 1991-92. The culmination of the bear market would come in 1994-95, with an inflationary shakeout and a financial *trauma comparable to* that of the mid-1970s and far worse than Black Monday.

Finally, the inflationary crash of the mid-1990s would vindicate the bears and jeremiahs of the previous decade. But, as in the 1980s, it will not be the diehard pessimists who profit from the next decade's market cycles. It will *be the courageous* optimists who buy when others are despairing — and sell when prudence and reason are overwhelmed by greed.

**Anatole Kaletsky**

JUNIOR MARKETS

# Leica refocuses on USM

WHEN A company with annual sales of more than £500m and 11,000 employees decides to join the Unlisted Securities Market, potential investors may wonder what on earth has possessed it to do so. But that is not the only unusual aspect of Leica, a scientific and optical group, which makes its USM debut next Thursday.

The London market will remember part of the group as *Cambridge Instrument*, a company which last appeared in quoted form in early 1987, when it floated on the main market at 130p per share.

The shares fell thereafter until they were suspended at 58p last July, when the company announced plans to merge with Wild Leitz, a loss-making Swiss company making scientific instruments and best known for its Leica range of cameras.

The new grouping proffers the hope to Cambridge's long-suffering shareholders that it will in due course become a world-class player in the optical instruments market. But it has a great deal to prove to them first, and it would be a brave person who moved in as an investor after the float on the USM.

Although Cambridge in the year to end-March 1989 increased pre-tax profits to £5.86m, this was still well below the £7.7m made in 1986-7. In between, Terence Gooding, the chairman, had come under heavy fire from the City for the pace and style of his deals.

It will come as no surprise, then, that in its present incarnation the company will have new management at the helm. The problem for British investors is that it is hard for them to get a measure of how the group will look in future — apart from the fact that it will be dominated by its Swiss side.

In shareholding structure the Swiss interests will be dominant. The main shareholder will be Unotec, a vehicle of Stephan Schmidheiny, well-known in Swiss business circles as a director of Nestle, Union Bank of Switzerland and ABB Asea Brown Boveri.

Karl Kalbag, Cambridge's finance director, will continue in that role, while Gooding is to be chairman. But he is to stay in his current base of Santiago on the west coast of the US — no small distance from the St Gallen, Switzerland, base of Markus Rauh, Wild Leitz chief executive officer, who takes over as president.

Markus Rauh says: "The camera group will report to Terence, and he will be responsible for the development of our new operation in Japan and for divestitures and some small acquisitions we are planning. But instruments, representing 90 per cent of the group, and all the corporate staff will report to me."

Rauh has been with Wild Leitz only since May 1988, when he was recruited to shore up the flagging group with a vigorous rationalisation programme. This is not yet completed but it was reflected in a SFr19.1m (£7.8m) exceptional debit which came before the SFr42.5m pre-tax loss it reported in the six months to end-June 1989. Cambridge itself has warned that after last year's recovery pre-tax profits will be "significantly lower" for the year to the end of last month.

Largely owing to the borrowing burden being borne by Wild Leitz, Leica is to join the stock market with net borrowings more than equal to shareholders funds and gearing is not expected to fall below 100 per cent before the end of its current financial year.

This makes the company extremely difficult for the London market to value. Unotec has made a cash offer to Cambridge shareholders at 70p per share. Assuming those who wanted to have taken advantage of this, one can expect the shares to open at a similar level, implying a market capitalisation of about £145m.

However, some analysts suggest a realistic level for the shares could be as low as half of this. This is based on an estimate of the value of the businesses as a percentage of sales, and a deduction of net debt.

"If you are prepared to take future profitability on trust you could justify a higher price. But I can't imagine many investors doing that," says one analyst.

*If all goes well the USM will* have the rare opportunity of seeing a company capable of contending with such players in the world of optical instruments as Nikon and Olympus, the Japanese companies, get off the ground. But if Markus Rauh's hopes come to fruition, its stay on the junior market will be brief. He hopes to move up to the official list within two years.

The answer to the question of why Leica chose the USM is, he says, straightforward. To qualify for the main market it would have needed to display audited accounts not more than six months old. But there were long delays in gaining clearance for the merger from the US Department of Justice. While Leica was busy answering the Department's considerable demands for information, there was no time to update results for the half-year to end-June 1989, the last audited ones.

**Clare Pearson**

**Sara Webb** reviews unit trust performance

# Pacific ebbs and flows

THE FAR EAST has provided the very best and the very worst unit trust performers in the first quarter.

Impossible? No: Japanese unit trusts turned in an abysmal performance in the first three months of 1990 as the Tokyo stock market fell through the floor. However, the remaining Pacific markets have helped the general Far Eastern funds to show a more respectable return, while the other high ranking funds so far this year have been those with a German or more general European flavour.

Tokyo's series of steep falls took its toll – not surprisingly – on the Japanese unit trusts, which subsequently gathered at the bottom of the performance tables. However, financial institutions and individual investors bought heavily yesterday and the Nikkei surged 1,029.72 points or 3.65 per cent – close at the day's high of 29,278.78. On Thursday it plunged nearly 1,200 before rebounding for a fall of only 193.88 on the day.

The fall in the Tokyo market has highlighted the disadvantage of being in an index fund. James Capel, Morgan Grenfell and Royal Life each have index tracking funds which fell by 33.7 per cent, 33.5 per cent and 30.4 per cent respectively in the first quarter. "The index fund is doing precisely what it *is meant to do*" (in *other* words, mirror the index) says Jonathan Custance Baker of James Capel.

The other large-company Japanese funds have not done much better. Best of a bad bunch have been the smaller Japanese companies.

Tokyo's fall has provided some investors with a good buying opportunity. M&G's Japan & General fund, which fell by 31.3 per cent in the first quarter, received £8m in new money on Monday, equivalent to 4.5 per cent of the fund's value. M&G had recommended buying the fund once the index fell below 31,000. Since February 21, the managers have reduced the liquidity *from* 17 per cent to 9 per cent, putting more money into the stock market.

The James Capel index fund has witnessed net purchases, rather than net redemptions, and the bigger investors have started to "bottom fish" according to Custance Baker. He believes that Japan will make a rapid recovery, even if there are further falls: "the market is bouncing *somewhere* along the bottom at the moment."

The other Far Eastern markets have proved more lucrative. Gartmore's Pacific Growth trust, managed by Walter Wu, is the top performing unit trust over three months with a gain of 16.9 per cent. Bruce Seton, Gartmore's investment director in charge of the Far East, says much of *the rise has come from investing* in Thailand and Malaysia.

Gartmore had 32 per cent invested in Thailand, and 27 per cent in Malaysia. The Malaysia holding has now been reduced to 24 per cent and more money has been placed in the Hong Kong market. Seton thinks there is more money to be squeezed from the Thai market: "it is still cheap, and there is a host of smaller companies which are under-researched."

He thinks that Hong Kong is cheap, and that 1991 corporate profits growth could be "quite good."

The European – and in particular, German – funds have *performed well so far this year.* Wolf Mandt-Merck, manager of Brown Shipley's Germany fund, says most of the 12.8 per cent rise is due to the performance of building, capital goods, and utilities stocks. "We think the German market will stay interesting although it is very volatile," says Mandt-Merck, who remains optimistic about prospects for the building industry and capital goods sector given the *scope* for improving East Germany's infrastructure.

Other European funds, such as Abtrust's European trust, have benefited from investing in Germany. John Morton, Abtrust's European fund manager, says that he has kept between 9 and 11 per cent in Austria and about 10 per cent in Norway. But his feeling is that the time has come to *switch* some money from Germany to France, while at some stage in the near future, he expects Spain to pick up.

**Unit Trust Performance in the first quarter, offer to offer**

| Top 25 | % change | Bottom 25 | % change |
|---|---|---|---|
| Gartmore Pacific | 16.9 | James Capel Japan Index | -33.7 |
| Brown Shipley Germany | 12.8 | Morgan Gren Japan Tracker | -33.5 |
| Royal Trust Pres Sing & May | 11.2 | Provident Mutual Japan | -32.5 |
| FS European Growth | 11.2 | M&G Japan & General | -31.3 |
| Hambros Scandinavian | 10.9 | Savings Corp Japan | -31.2 |
| Lloyds Bank German Growth | 9.8 | Henderson Japan | -31.1 |
| Abbey Asian Pacific | 9.6 | Barclays Unicorn Jap & Gen | -31.1 |
| Morgan Gren Euro Growth | 9.2 | Lloyds Bank Japan Growth | -31.0 |
| Royal Trust Pres Hong Kong | 8.9 | Henderson Japan Spec. Sits. | -30.6 |
| GT Germany | 8.7 | Royal Life Jap Ind Tracking | -30.4 |
| Abtrust European Income | 8.7 | Midland Japan Growth | -30.0 |
| Abtrust European | 8.4 | Clerical Med Japan Growth | -30.0 |
| Lazard European Growth | 7.8 | Royal London Japan Growth | -29.9 |
| BG Europe | 7.6 | Laurentian Japan U'Valued As | -29.9 |
| Tyndall 1992 Euro Growth | 7.5 | New Court Japan | -29.7 |
| Equity & Law Europe | 7.5 | Holborn Japanese | -29.4 |
| Gartmore Hong Kong | 6.5 | Scottish Equitable Japan | -28.8 |
| *Chase Manhattan S & C S Sits* | 6.4 | Capability Far Eastern & Gen | -28.6 |
| Wardley Singapore & Mal Gth | 6.3 | Legal & General Japan | -28.1 |
| Aetna European Growth | 6.0 | Abbey Japan Trust | -27.9 |
| Gartmore European Sel Opps | 5.9 | Abtrust Japan | -27.7 |
| Scottish Widows Europe | 5.8 | Target Japan & General | -27.6 |
| TR Global Technology | 5.8 | LAS Japan | -27.5 |
| EFM Pacific | 5.8 | London & Manchester Japan | -27.5 |
| Eagle Star European | 5.7 | Royal Trust Pres Japan | -27.2 |

*Source: Finstat*

# Couples slow to act on tax

VERY FEW married couples have taken any action to benefit from the introduction of independent taxation, according to a survey conducted by Mori on behalf of Scottish Amicable, one of Scotland's leading life and financial services companies.

Mori conducted its survey in two parts. First, it selected 1,235 married couples throughout the country, then it conducted a second, more detailed, study with 301 couples where the joint family income was greater than £20,000.

The survey found that nearly four out of five couples knew that the tax laws had been changed to bring about separate taxation of husband and wife.

Couples knew *about* these changes primarily through the media. A few knew from family and friends, but almost none had been informed by their bank or building society manager; neither could any couple recall seeing any information from the Government or the Inland Revenue.

Mori found general approval for the change, though not as strong as anticipated. Just under half (49 per cent) approved in the main survey. This rose to 73 per cent among the higher income couples.

The significant feature was that 35 per cent of couples in the main survey had no strong views on the changes.

But, when it came to understanding the implications of independent taxation, the survey showed a somewhat different picture. Even though no couple should pay more tax as a result of the changes, at least until composite rate tax is abolished next year, one in five couples in the main survey were convinced the change to independent taxation would result in them paying more tax – a reflection, perhaps, of distrust of the Government and the Inland Revenue.

Only 15 per cent thought they could benefit from the changes. Finally, the survey asked what couples intended to do to benefit from the changes. This showed a high level of good intentions, but very little action.

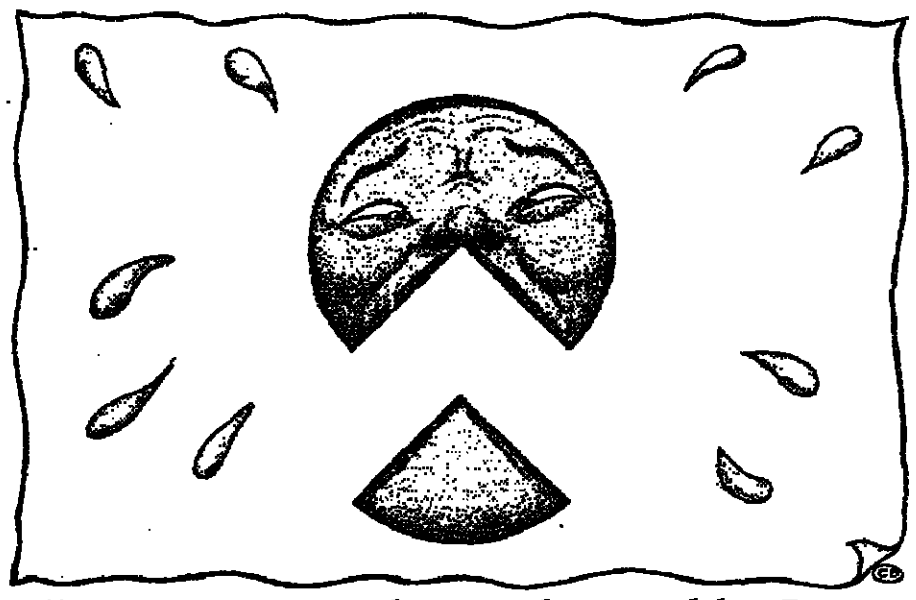
Half the couples in the main survey intended to transfer assets between partners, though no couple had taken such action. The higher income couples were more active. One in ten had already taken action and a further 67 per cent expected to make some transfer. But even here, one in five would do nothing.

The main reason why no action is contemplated is because many couples cannot see any benefit.

Higher earning couples are making their own decisions. Only 16 per cent had sought professional advice, mainly from accountants.

■ *Independent Taxation, available free from Marketing Department, Scottish Amicable, 150 St Vincent Street, Glasgow, G2 5NQ.*

**Eric Short**



**John Plender** on the puzzle posed by Japan

# Will Tokyo's fall be catching?

IS IT contagious? That was the question that worried investors across the globe as the Tokyo stock market crashed spectacularly to another low point for the year on Wednesday amid rumours of financial trouble among the smaller securities houses.

Where markets are concerned the past is not necessarily a sound guide to the future. But there is some comfort to be had from the fact that the answer to date has been firmly negative. While the Japanese market was down by 22.7 per cent at the end of the first quarter of 1990 (or 30.9 per cent in sterling terms) the US fell by a mere 2.9 per cent over the same period.

Britain, with plenty to worry about on the political and economic front, managed a fall of only 6.2 per cent. Meantime West German equities advanced by more than a tenth. That is a pattern that makes sense, up to a point; and it underlines the fact that worries about contagion from Tokyo tend to reflect confusion over cause and effect.

The real problem for world equity markets in the first quarter of 1990 was not so much the panic among Japanese investors as the global weakness in bond prices. The Japanese monetary authorities have been seeking to staunch an outflow of long-term capital at precisely the moment when the world's other major creditor country, West Germany, needs to repatriate capital as the development of the East German economy makes a significant new demand on resources.

The resulting reappearance of capital shortage in the global system has made equities more vulnerable by raising bond yields. And Tokyo was more vulnerable than most because prices were less firmly rooted in fundamentals than on Wall Street or London.

Price-earnings ratios in Tokyo started their upwards spiral in 1985 on the basis of a shift to looser monetary policy. They are now coming down as the Bank of Japan addresses the inflationary consequences of that policy through belated tightening. Why should foreign multiples adjust to Tokyo just when Tokyo is coming back into line with the rest of the world?

The adjustment may not be complete. The gap between Japanese equity earnings and bond yields, for example, remains historically wide. Note, too, that the market would have to fall a great deal further to return to the earnings multiples that prevailed in the mid-1980s.

But the more pressing worry for markets outside Japan is the fact that the attractions of Japanese bond yields at over seven per cent are reducing the exodus of Japanese savings. That will do far more to stabilise a weak yen, which is one of the Bank of Japan's biggest worries, than anything that the finance ministers of the Group of Seven have to say in Paris this weekend. It is also putting pressure on bond markets outside Japan, which may yet rub off on equities.

That is the most obvious form of damage that Tokyo could inflict on the rest of the world. But other kinds of contagion are worth exploring. Potentially the most significant is the impact of falling asset prices on bank capital. The decline in the value of their own holdings of securities causes their capital to shrink. This in turn reduces their capacity to lend becuse it puts capital ratios under strain.

Since Japanese banks have been expanding their lending very rapidly in overseas markets this suggests some impact on economic activity as the rate of bank lending slows.

On the other hand, leading banks have boosted their capital through new issues over the past year, so the effect should not be exaggerated. More difficult, because less easy to quantify, is the possibility of bankruptcies in Japan, which could send a shock through the global financial structure. Some corporate speculators are undoubtedly feeling the squeeze.

And if tighter monetary policy dents property values, which underpin some of the dizzier price-earnings ratios, there will be trouble in store.

The key question is how far the Japanese authorities can be relied on to manage the fallout. In the past they have handled financial crises with consummate interventionist skill. In the 1960s, for example, they stabilised a looming crash via direct purchases in the stock market and the rescue of what was then the biggest securities house, Yamaichi. Financial deregulation, including the introduction of options and futures trading, now makes the task of stabilisation harder.

Yet the managing director of the Tokyo Stock Exchange still managed to halt the plunge in prices on Thursday simply by urging investors to ignore rumours about bankruptcies. And there is surely a point at which the Bank of Japan would trim its monetary sails to the financial ill wind.

It is hard to believe that the remarkable Japanese capacity to adapt to shocks has somehow been dispelled by a combination of loose money and modest deregulation. And the real economy remains as yet untouched.

According to a survey of top companies published yesterday by the government's Economic Planning Agency, corporate Japan is not planning immediate capital spending cuts.

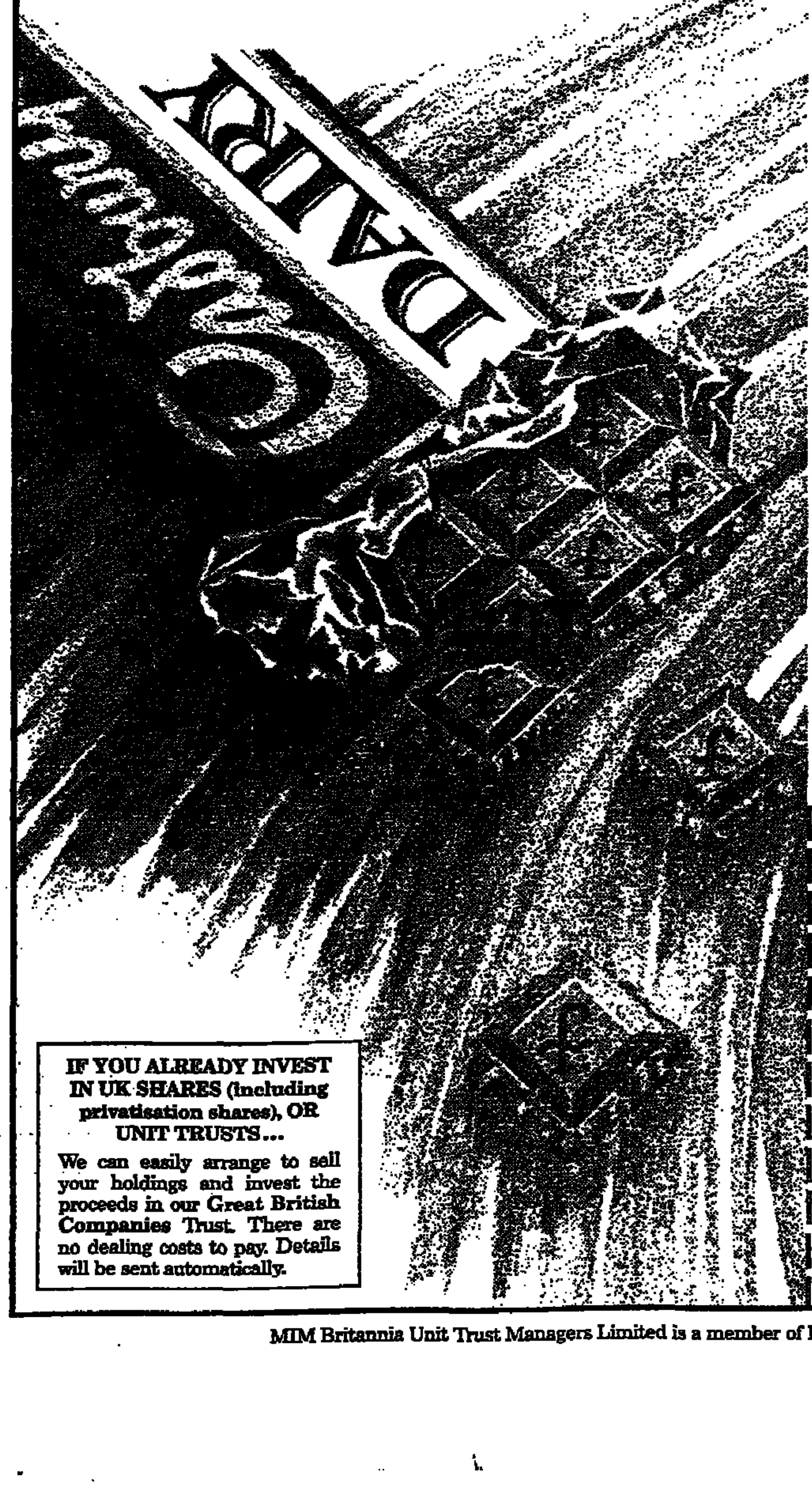
The average forecast of economic growth for Japan in 1990-91 from a sample of more than 1,200 companies was a healthy 4.3 per cent.

As James Capel's investment strategist Alastair Ross Goobey put it rather neatly this week, the Japanese market has seen a fall in market capitalisation in the first quarter of $1.2 trillion, $1,200,000,000,000, or $10,000 for every Japanese man, woman and child – yet the Ginza lights still shine.

More remarkably, the Japanese car unions have just accepted a pay rise of under six per cent partly because they felt obliged to take into account the difficult financial background.

When markets fall as far and as fast as Tokyo's has done since Christmas a wider financial shock cannot be dismissed out of hand. But shifts in the pattern of international capital flows may ultimately prove a better guide to future trends in individual equity markets than the gyrations of the Nikkei index.





# FINANCE & THE FAMILY

A NEW WAY of using personal equity plans (Peps) to acquire shares cheaply, and reap rewards tax free, was announced this week by Smith & Nephew, the healthcare group.

Under a scheme, managed by CC&P Trustees, which specialises in corporate Peps, investors will be able to buy new shares, specially issued by Smith & Nephew, at the stock market mid-price (the mid point between the buying and selling levels). This avoids some of the normal bid/offer spread, and because they are a new issue of shares bought direct from the company, you also do not have to pay any stockbrokers' dealing charges and stamp duty.

During the first year there will be no management charges at all, and thereafter the annual management fee will be a lowly 0.5 per cent of the value of shares held. The "exit" route is also cheap. Sellers will pay a low dealing commission of 0.5 per cent, plus a £15 handling charge. Minimum investment is £240, or £20 a month, but you can invest up to the new maximum of £6,000.

Richard Cockman, chairman of CC&P Trustees, said several other big groups had similar corporate Pep schemes in the pipeline. They provided a way of raising capital, but the main objective was to encourage small investors, and group employees, to buy shares.

**John Edwards** looks at recent innovations in Pep schemes

## Lure for the small investor

He said, small investors were now being wooed by companies, since they tended to be more loyal in difficult times or when there was a hostile takeover bid. They were likely to be even more reluctant to sell out if they were in a low-cost Pep, drawing dividends tax-free. At present, many small investors were put off buying individual company shares by the high cost of minimum stockbrokers' commission.

Most of the existing 20 or so corporate Peps – including Abbey National, two of the water companies and several other recent floated companies such as Hays – involve buying the shares on the stock market, although with new issues shares can be transferred straight into a Pep at the issue price within 30 days of the allocation date thus retaining any profits tax-free. In several cases the dealing costs are effectively subsidised by the company as an encouragement to employees and shareholders to retain their holdings.

But some can be quite expensive. For example, last month a special Lonhro Pep, developed by the Henderson group in conjunction with F.E. Wright (Pensions & Financial Planning), a subsidiary of Lonhro, includes an initial charge of 1.75 per cent, dealing costs and an annual management fee of 1.25 per cent.

Alan Gadd, of Henderson, said the Pep had already attracted more than £850,000 primarily from existing Lonhro shareholders. It was particularly suitable for a company like Lonhro, whose shares had a high yield, and the administrative cost of dealing with one share was much the same as dealing in several.

From the investor's point of view the downside of corporate Peps is that it involves putting all your eggs in one basket, and using up your annual Pep allowance by investing in one company. But there are considerable advantages in "pepping" shares in a company, where you are keen to remain as a shareholder, since the cost is normally relatively low and the benefits are tax free. Also, you do not have to pay extra to receive the annual report and accounts, or attend the annual general meeting, as happens with many conventional Peps.

Meanwhile the campaign has already opened to sell 1990/91 Peps, which have a new maximum of £6,000, of which up to £3,000 can be invested in a investment or unit trust.

Lloyds Bank, one of the biggest Pep plan managers, because of its low cost, is increasing the number of shares available in its self-select Choice scheme from 30 to 100. You will no longer have to distribute cash equally between each share selected; instead you will be able to allocate cash to shares in percentage terms.

Management charges remain competitive with a quarterly fee of 0.25 per cent of the value of the plan, and dealing costs of only 0.20p for the discretionary purchases in the managed scheme and using the choice sheet. You pay the normal commission of 1.65 per cent on other transactions.

However, Lloyds has introduced a "one-off joining fee" of £20, for the first time.

Scottish Widows has launched a second Pep, and is offering a one per cent reduction in charges for all applications received before May 15. This discount will apply to each future contribution made, at the same level, for as long as the plan is in force. But the charges are quite high, with an initial charge of 6 per cent and an annual fee of 1.25 per cent.

The Prudential has also brought out a new range of three Peps: a unit trust only, an all-share and a mixed unit trust and share.

M & G is taking an uncompromising stance with its 1990/91 Peps. It is ignoring the concession in the Budget that unit trusts Peps can now hold up to 50 per cent in overseas stocks and sticking to offering only six UK funds.

However, two big investment trusts now qualify for inclusion in Pep schemes. Stewart Ivory says the Saints (Scottish American Investment Company) Pep launched in July last year now qualifies for the maximum of £3,000. So does British Assets Trust, one of the oldest investment trusts managed by Ivory & Sime.

### INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 25% | 40% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawal (days) |
|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | |
| High interest cheque | 5.00 | 5.10 | 4.08 | monthly | 1 | under 5,000 | 0-7 |
| High interest cheque | 9.20 | 9.60 | 7.68 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 9.40 | 9.80 | 7.84 | monthly | 1 | 10,000-24,999 | 0 |
| High interest cheque | 9.60 | 10.0 | 8.00 | monthly | 1 | 25,000-49,999 | 0 |
| High interest cheque | 10.20 | 10.70 | 8.56 | monthly | 1 | 50,000 | 0 |
| **BUILDING SOCIETY†** | | | | | | | |
| Ordinary share | 7.00 | 7.12 | 5.70 | half-yearly | 1 | 1-250,000 | 0 |
| High interest access | 9.00 | 9.00 | 7.20 | yearly | 1 | 500 | 0 |
| High interest access | 9.75 | 9.75 | 7.80 | yearly | 1 | 2,000 | 0 |
| High interest access | 10.25 | 10.25 | 8.20 | yearly | 1 | 5,000 | 0 |
| High interest access | 10.50 | 10.50 | 8.40 | yearly | 1 | 10,000 | 0 |
| 90-day | 10.25 | 10.51 | 8.41 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 11.00 | 11.30 | 9.05 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 11.50 | 11.83 | 9.46 | half yearly | 1 | 25,000 | 90 |
| **NATIONAL SAVINGS** | | | | | | | |
| Investment account | 11.75 | 8.81 | 7.05 | yearly | 2 | 5-25,000 | 1 mth |
| Income bonds | 12.50 | 9.93 | 7.94 | monthly | 2 | 2,000-25,000 | 3 mths |
| Capital bonds | 12.00 | 9.00 | 7.20 | yearly | 2 | 100 min. | 3 mths |
| 34th issue♦ | 7.50 | 7.50 | 7.50 | not applica | 3 | 25-1,000 | 8 |
| Yearly plan | 7.50 | 7.50 | 7.50 | not applica | 3 | 20-200/month | 14 |
| General extension | 5.01 | 5.01 | 5.01 | not applic. | 3 | - | 8 |
| **MONEY MARKET ACCOUNT** | | | | | | | |
| Schroder Wagg | 10.76 | 10.76 | 8.61 | monthly | 1 | 2,500 | 0 |
| Provincial Bank | 11.05 | 11.59 | 9.27 | monthly | 1 | 1,000 | 0 |
| **UK GOVERNMENT STOCKS** | | | | | | | |
| 8pc Treasury 1991 | 13.98 | 11.85 | 10.57 | half yearly | 4 | - | 0 |
| 8pc Treasury 1992 | 13.85 | 11.81 | 10.42 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1995 | 12.70 | 9.97 | 8.34 | half yearly | 4 | - | 0 |
| 8.5pc Treasury 1994 | 13.02 | 10.69 | 9.30 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 11.79 | 10.95 | 10.45 | half yearly | 4 | - | 0 |
| Index-linked 2pc1992§§ | 12.12 | 10.04 | 9.73 | half yearly | 2/4 | - | 0 |

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



## Bonds to interest couples

A NEW WAVE of savings products has been launched following the formal introduction of independent taxation for married couples and the Chancellor's pledge in the Budget to abolish composite rate tax from April 5, 1991.

Building societies have been particularly quick to jump on the bandwaggon.

Scarborough society, for example, has launched a "Chancellor Bond" that pays an astonishing 16.25 per cent gross interest on deposits of over £250 providing the investment remains intact for a year, the interest is to be paid on April 6 next year. The rate is variable, but certainly starts on a high note.

The Skipton has also launched a "Major Bond", which matures on April 6 next year, that pays a variable gross interest rate of 15 per cent on balances of over £500. However there is also a maximum of £20,000, which the society says has been set to protect the non-taxpaying status of investors, since with a return of 15 per cent it would earn £3,000.

Nationwide Anglia has joined several other societies in opening a subsidiary on the Isle of Man which offers UK residents an "Independence" account paying 15.75 per cent gross on deposits between £5,000 and £200,000.

Many societies are offering special "time deposits" accounts which pay interest gross, providing a minimum of £50,000 is deposited for a fixed period of seven days or more.

MIM Britannia and Prudential Holborn have launched cash unit trusts, which enable non taxpayers to reclaim tax deducted at source from the dividends. Both have no initial charge, and an annual management fee of only 0.5 per cent. Commercial Union has launched a Luxembourg based trust paying income gross at an annual equivalent rate of 15.67 per cent.

Taking the longer term view Baronworth (Investment Services) the Ilford, Essex, intermediary, is promoting what it claims is the highest rate five-year guaranteed income bond ever issued. For a minimum investment of £10,000 it will pay an annual rate of 11.50 per cent net (to standard rate taxpayers) for the whole five year period. The tax, deducted at source, is not recoverable

***J.E.***

The Week Ahead

## Mixed times for construction

THE RESULTS season for construction companies reaches its peak next week with year end figures due from Mowlem, RMC, Taylor Woodrow, AMEC, Costain, Higgs & Hill and Ibstock Johnsen.

The key to the results will be the extent to which individual companies have been exposed to the collapse of the housing market in southern England.

Straightforward contracting, on the other hand, should have down relatively well, with construction order books at record levels last year. Commercial property sales have become more difficult but should have held up well enough last year to offset the downturn in housing.

Individual performance will therefore depend upon a mix of businesses which vary greatly between the companies.

Mowlem, which publishes annual results on Monday, has already said its figures will include a substantial provision for the loss-making London City Airport, where proposals to improve the runway are subject to a planning inquiry. Profit forecasts range between £25m to £30m compared with £59.5m in 1988.

Ibstock, which also announces on Monday, has been able to offset the downturn in brick sales to the depressed housing markets in Britain and the north east of the US by investing in wood pulp. The question is: how much longer will wood pulp profits hold while a recovery in housing appears at least 12 months away? Group profits of around £60m are expected compared with £56.3 previously.

RMC, the world's largest ready-mixed concrete producer, is set to announce another rise in pretax profits when it publishes its results on Tuesday. Brokers expect about £245m compared with £205.9m last time. There is concern about the outlook for concrete prices as investment in commercial and industrial developments has turned down, particularly in southern England.

Taylor Woodrow, which publishes its figures the same day, is classed as a property investment company with strong contracting and house building interests. Income from properties together with solid performances from contracting and house building overseas should have pushed profits up to between £115m and £120m compared with £103.3m last time.

The worst figures of the week are expected to come on Wednesday from Costain, which has been hit badly by the UK housing recession, while the US mining interests have still to come good and have recently been hit by fire at one mine. Profits may be as low as £70m compared with £89.2m. There is also concern about what – if any – provisions may be announced.

AMEC, which is strong in civil engineering and offshore engineering, both of which are on an upswing, is expected to produce profits of about £95m to £100m. This includes the first full year from Matthew Hall and compares with £61.6m last time.

Higgs & Hill, during the abortive takeover bid by Lovell, provided a good guide to what its numbers will look like.Pretax profits therefore are expected to be about £26.5m compared with £25.1m in 1988.

On Tuesday all eyes will be on full year results from Next, the fashion retailer and home shopping group, to see if the 4.7p final dividend has been maintained, as the interim 2.7p was. On Friday the market was nervous about the chances and the shares fell 7p to 83p, where a maintained dividend would give a yield of nearly 12 per cent.

The group's figures are unlikely to justify the pay-out. Next, which dispensed with the services of George Davies, its chairman and chief executive, 18 months ago, warned at the half-way stage that the year to end-January would have to bear £50m to £55m of exceptional write-offs, largely related to cutting back the high street chain. Trading profits are expected to be in the £30m to £40m region, leaving a loss after exceptionals of £15m to £20m.

Full year results from food retailer Tesco on Wednesday are expected to be much more cheerful, showing a gain of up to a quarter with estimates centering around the £325m to £330m range against £265.3m last year, excluding property profits. Tesco is the first of the four big food retailers to report, and some expect its profit increase to beat those of the other three. Rising volume and higher margins will be behind the gain.

However, the horizon is not cloudless. A recent large wage settlement may put pressure on margins, and the rising level of capitalised interest Tesco has been enjoying as a by-product of its store development programme, must come to an end one day. No doubt the group will be closely questioned again about any diversification plans.

Strikes are expected to have had some impact on the interim results of Smiths Industries, the aerospace, medical systems and industrial group, which reports on Wednesday. Smiths was hit last autumn by a strike at its Cheltenham plant as part of the engineering unions' campaign for a shorter working week. Although it was one of the first to settle, its contracts may have been disrupted by the much more lengthy stoppage at British Aerospace and by the Boeing dispute in Seattle.

Analysts are predicting a pre-tax profit of between £47m and £51m for the six months to the end of January, compared with £47m last time.

### COMPANY NEWS SUMMARY

#### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated | | | | | |
| AMI Healthcare | 370* | 368 | 378 | 245.65 | Co.Gen.des Eaux |
| Br Kidney Pats IT | 310.01‡ | 305 | 290 | ✻ | N'thumberl'd Tst |
| Camford Eng. | 305* | 323 | 244 | 57.92 | Markheath |
| Chemoxy Intl.‡ | 450* | 445 | 268 | 13.30 | Suter |
| City Gate Estates | 140* | 136 | 92 | 19.46 | Accura B.V. |
| Crystalate | 83½§ | 80 | 73 | 31.87 | TT Group |
| Early's Witney | 225*§ | 223 | 226 | 13.17 | Grovewood Secs. |
| Executex Clothes | 28*§ | 28 | 28 | 0.86 | Premierflag |
| Hatfield Estates | 230* | 242 | 225 | 17.32 | Lilley |
| Horne (Robert) | 490* | 478 | 435 | 70.71 | Buhrmann-Tett. |
| Do. "A" | 452* | 438 | 371 | 79.79 | Buhrmann-Tett. |
| Just Rubber‡ | 140* | 136 | 72 | 10.5 | Scapa Group |
| Laing Properties | 725*§ | 690 | 584 | 435.89 | Pall Mall Props. |
| Lancaster | 185*§ | 175 | 143 | 31.63 | Newco |
| Lon. & Edn. Tst. | 220*§ | 219 | 175 | 490.7 | SPP |
| Midsummer Leisure | 139§§ | 129 | 159 | 73.36 | European Leisure |
| Molins | 252* | 273 | 246 | 75.5 | Leucadia |
| Paragon Comms. | 156 | 152 | 128 | 8.49 | Shandwick |
| Pennant Group | 26§ §§ | 25 | 19 | 4.75 | Mowat Group |
| Really Useful Grp | 233*§ | 235 | 218 | 77.4 | Jorraben (No.26) |
| Regentcrest | 15* | 14½ | 12½ | 6.8 | Wolverhampton |
| Runciman (Walter) | 520*§ | 548 | 472 | 46.8 | AB Avena |
| Sketchley | 262 | 263 | 249 | 94.73 | Compass |
| Western Motor | 789* | 788 | 675 | 95.59 | Tozer Kemsley |

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 6/4/90.†At suspension. §§Shares and cash. ✻ Offer is 105pc of BKPAIT's fav of 295.25p.

### RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Alexandra Workwear | Tuesday | 1.35 | 2.55 | 1.6 |
| AMEC | Wednesday | 6.25 | 10.75 | 7.25 |
| Amer Group | Wednesday† | 2.0 | 4.0 | 3.0 |
| Anglo American Investment Tst | Thursday✻ | 530.0 | 2370.0 | 720.0 |
| Asda Property Holdings | Monday | 0.5 | 1.0 | 0.6 |
| Baillie Gifford Technology | Monday | - | - | - |
| Barr & Wallace Arnold Trust | Wednesday | 3.5 | 11.5 | 5.0 |
| Bentalls | Wednesday | 0.55 | 2.95 | 0.6 |
| Black A&C | Monday | 4.0 | 8.5 | 4.25 |
| Boosey & Hawkes | Tuesday | 3.0 | 7.0 | 3.3 |
| Britannia Security Group | Tuesday | 0.90 | 1.82 | 1.03 |
| Brixton Estate | Wednesday | 1.75 | 6.25 | 2.2 |
| Cannon Street Investments | Wednesday | 2.93 | 5.0 | 3.3 |
| Caparo Industries | Wednesday | 0.85 | 1.2 | 1.3 |
| Celestion Industries | Tuesday | - | 0.75© | - |
| Chepstow Racecourse | Thursday | - | 1.0 | - |
| Connell | Wednesday | 3.0 | 6.0 | 3.0 |
| Costain Group | Wednesday | 4.5 | 7.25 | 4.75 |
| Dagenham Motor Group | Tuesday | 1.5 | 3.5 | 1.5 |
| Davis Godfrey Holdings | Tuesday | 2.33 | 4.67 | 2.8 |
| Dewhirst Group | Monday | 0.27 | 0.8 | 0.29 |
| Durham DG Group | Tuesday | - | 1.0 | 1.0 |
| Eglinton Exploration | Thursday | - | - | - |
| Erith | Tuesday | 1.3 | 2.6 | 1.3 |
| FBD Holdings | Tuesday | - | - | - |
| F&C Pacific Investment Trust | Thursday | 0.4 | 0.8 | 0.5 |
| Fortnum & Mason | Monday | 6.0 | 55.0 | 8.0 |
| Foseco | Tuesday | 4.2 | 8.0 | 5.0 |
| Helene | Monday | 0.55 | 1.24 | 0.61 |
| Hewden Stuart | Wednesday | 0.6 | 2.0 | 0.75 |
| Higgs & Hill | Wednesday | 4.0 | 8.0 | 4.4 |
| Ibstock Johnsen | Monday | 2.0 | 3.5 | 2.25 |
| ISA International | Monday | 0.3 | 0.95 | 0.38 |
| Kwik-Fit Holdings | Wednesday | 1.04 | 1.36 | 1.04 |
| Lamont Holdings | Monday | 2.75 | 6.75 | 3.25 |
| Lawrence Walter | Tuesday | 2.0 | 5.5 | 2.0 |
| Malaya Group | Thursday | - | - | 0.75 |
| Martin Albert Holdings | Tuesday | 1.5 | 3.25 | 1.6 |
| MB Group | Wednesday | - | - | 2.0 |
| Micro Focus Group | Monday | - | - | - |
| Morgan Crucible Co. | Monday | 4.86 | 6.05 | 5.3 |
| Mowlem John & Company | Monday | 5.25 | 14.25 | 5.65 |
| Mrs. Fields Inc. | Tuesday | - | - | - |
| Musterlin Group | Thursday | 1.0 | 3.0 | 1.25 |
| Next | Tuesday | 2.7 | 4.7 | 2.7 |
| Nurdin & Peacock | Wednesday | 1.48 | 3.15 | 1.68 |
| Parambe | Wednesday | 0.5 | 1.0 | 0.5 |
| Portals Holdings | Monday | 3.2 | 6.8 | 3.5 |
| Proudfoot Alexander | Wednesday | 2.0 | 3.5 | 3.5 |
| Quarto Group Inc. | Monday | 1.125 | 3.0 | 1.5 |
| Richards Group | Monday | - | 1.5 | 1.5 |
| RMC Group | Tuesday | 4.6 | 9.9 | 5.8 |
| Roskel | Monday | - | 3.0 | 1.3 |
| Savoy Hotel | Tuesday♣ | - | 5.5 | - |
| Scottish Television | Monday | 3.75 | 15.25 | 6.0 |
| Seafield | Tuesday‡ | - | 0.2 | 0.5 |
| Severfield-Reeve | Monday | 0.75 | 2.0 | 1.0 |
| Sherwood Computer Services | Tuesday | - | - | 0.75 |
| Silentnight Holdings | Tuesday | 2.25 | 4.75 | 2.25 |
| Sindall William | Wednesday | 1.0 | 4.0 | 1.5 |
| Stylo | Tuesday | - | 7.0 | - |
| Systems Reliability | Wednesday | - | 1.0 | 0.75 |
| Taylor Woodrow | Tuesday | 1.5 | 12.0 | 1.75 |
| Tesco | Wednesday | 1.175 | 2.325 | 1.41 |
| Tie Rack | Wednesday | 0.465 | 0.885 | 0.465 |
| Toye & Company | Thursday | - | 7.0 | - |
| Tudor | Wednesday | 0.67 | 2.0 | 1.0 |
| TVS Entertainment | Tuesday | 4.0 | 9.25 | 5.0 |
| United Friendly Insurance | Monday | 9.8 | 21.65 | 12.25 |
| Waco Group | Tuesday | 1.25 | 2.75 | 1.75 |
| Waterford Foods | Wednesday‡ | - | 0.825 | - |
| Whitington | Monday | 0.2 | 0.2 | 0.2 |
| **INTERIM DIVIDENDS** | | | | |
| Dowding & Mills | Tuesday | 0.8 | 1.52 | - |
| Highland Distilleries | Monday | 0.95 | 2.9 | - |
| Lloyds Chemists | Tuesday | 0.63 | 1.56 | - |
| New Central Witwatersrand | Thursday✻ | 47.0 | 92.0 | - |
| Smiths Industries | Wednesday | 3.25 | 8.65 | - |
| TR Far East Income Trust | Thursday | 2.0 | 0.8 | - |
| VTR | Thursday | - | 2.0 | - |
| Wardle Storeys | Tuesday | 4.0 | 10.0 | - |
| WCRS Group | Tuesday | 1.65 | 3.35 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.✻ South African cents per share.♣ Dividend payment on 'A' ordinary shares.† Finnish markka per share gross.‡ Irish pence.© Dividend for 9 months.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Abbeycrest | Dec | 6,850 | (3,360) | 25.5 | (14.3) | 3.6 | (2.7) |
| Aitch Holdings | Nov● | 553 | (1,270 L) | 1.0 | (-) | - | (-) |
| Anglo Pacific | Dec | 631 | (1,560) | 0.23 | (1.32) | - | (1.0) |
| APV | Dec | 60,600 | (51,500) | 14.1 | (12.0) | 5.4 | (4.8) |
| Aran Energy | Dec♣ | 358 L | (513) | 0.46 | (1.68) | - | (-) |
| Arley Holdings | Dec | 888 | (1,069) | 5.3 | (9.9) | 2.8 | (3.3) |
| Ash & Lacy | Dec | 4,920 | (4,860) | 13.3 | (13.3) | 6.4 | (6.0) |
| Associated Fish. | Dec✻✻ | 2,070 | (5,080) | 10.1 | (19.7) | 6.0 | (6.0) |
| ATA Selection | Dec | 849 | (944) | 4.38 | (5.23) | 2.5 | (2.14) |
| Avonmore Foods | Dec♣ | 13,160 | (9,450) | 8.95 | (7.76) | 2.5♥ | (1.2♥) |
| Baird William | Dec | 33,290 | (31,890) | 24.3 | (25.6) | 8.4 | (7.55) |
| Beradin Holdings | Dec | 402 | (483) | 1.47 | (1.86) | 1.0 | (1.15) |
| Blackwood Hodge | Dec | 18,290 | (15,500) | 7.44 | (7.4) | 1.65 | (1.5) |
| Bodycote Int'l. | Dec | 9,810 | (9,830) | 26.3 | (26.7) | 8.0 | (7.0) |
| Boustead | Dec | 5,140 | (3,880) | 4.8 | (3.71) | 1.5 | (1.1) |
| Boxmore Int'l. | Dec | 2,310 | (1,570) | 16.4 | (11.3) | 5.55 | (-) |
| Brammer | Dec | 13,030 | (13,380) | 19.7 | (20.6) | 13.0 | (13.0) |
| Bray Techn. | Dec | 605 | (1,010) | 6.46 | (11.3) | 3.4 | (4.4) |
| British Alcan | Dec | 32,800 | (54,200) | - | (-) | - | (-) |
| Butler Cox | Dec | 1,300 | (925) | 16.4 | (10.2) | 5.25 | (-) |
| Cairn Energy | Dec© | 1,220 | (-) | - | (-) | - | (-) |
| Chemex Int'l. | Sept | 750 L | (713 L) | - | (-) | - | (-) |
| City Centre Res. | Dec | 10,120 | (8,050) | 3.72 | (2.91) | 1.265 | (1.1) |
| Clondalkin Group | Dec♣ | 10,090 | (8,040) | 19.4 | (15.3) | 3.755 | (3.48) |
| Cluff Resources | Dec | 2,000 | (1,200) | 1.97 | (1.27) | 1.0 | (-) |
| CSC Invest. Tst. | Dec§ | 179 | (165) | 10.8 | (10.0) | 10.9 | (10.9) |
| Delaney Group | Dec | 286 | (1,860) | 0.9 | (8.1) | 1.5 | (3.9) |
| Eadie Holdings | Dec | 1,230 | (2,220) | 2.78 | (5.98) | 1.75 | (2.0) |
| Expl Co of Louis | Dec§§ | 1,120 | (2,210) | - | (-) | - | (-) |
| Fairhaven Int'l. | Dec§§ | 7,320 | (2,180) | 2.45 | (0.8) | 0.1 | (-) |
| Filofax Group | Dec | 960 L | (2,720) | - | (12.0) | 0.75 | (3.45) |
| Finlay Packaging | Dec | 270 | (808) | 2.02 | (5.74) | 4.0 | (4.0) |
| Friendly Hotels | Dec | 5,040 | (3,170) | 30.0 | (22.6) | 3.35 | (2.7) |
| Gardner DC | Dec | 1,600 | (1,050) | 11.4 | (10.7) | 4.3 | (3.3) |
| Goal Petroleum | Dec | 5,200 | (443) | 1.82 | (1.41) | 1.0 | (1.0) |
| Gold & Base Met. | Dec | 134 | (102) | 0.79 | (0.48) | 0.5 | (0.4) |
| Gowrings | Dec† | 1,300 | (1,090) | 13.0 | (12.5) | 5.625 | (6.66) |
| Guidehouse Group | Dec | 501 | (1,600) | 0.7 | (4.6) | 0.6 | (1.4) |
| Handley-Walker | Dec | 2,000 | (1,370) | 20.0 | (14.2) | 8.0 | (5.4) |
| Harrisons & Cros | Dec | 130,700 | (123,300) | 16.8 | (16.5) | 8.5 | (7.7) |
| Headland Group | Dec | 1,060 | (1,568) | 1.22 | (2.76) | - | (-) |
| Herring Son | Dec | 3,430 | (2,080) | 19.9 | (13.7) | 5.75 | (4.0) |
| Home Counties | Dec | 4,270 | (3,150) | 27.7 | (19.5) | 8.0 | (6.0) |
| IFG Group | Dec♣ | 535 | (102) | 1.72 | (0.18) | - | (-) |
| Inchcape | Dec | 176,300 | (147,700) | 28.3 | (24.1) | 11.0 | (9.25) |
| Ipeco Holdings | Dec | 3,430 | (1,040) | 7.86 | (2.37) | 3.0 | (1.5) |
| Jerome S & Sons | Dec | 1,580 | (2,410) | 14.1 | (25.9) | 8.4 | (7.8) |
| Johnston Group | Dec | 7,320 | (8,070) | 40.3 | (48.0) | 13.0 | (11.5) |
| KCA Drilling | Dec | 2,140 | (2,840) | 2.11 | (3.0) | - | (-) |
| Kingspan Group | Dec♣ | 2,810 | (2,130) | 10.1 | (8.43) | 2.28 | (-) |
| Lec Refrige. | Dec | 886 | (4,500) | 9.47 | (47.3) | 14.5 | (14.5) |
| Lincoln House | Dec | 564 | (256 L) | 4.23 | (-) | - | (-) |
| Lon & Manchester | Dec | 20,790 | (20,210) | 13.4 | (12.9) | 12.09 | (10.3) |
| Magnolia Group | Dec | 1,000 | (1,470) | 10.9 | (19.3) | 5.4 | (5.0) |
| Mecca Leisure | Dec | 91,100 | (30,300) | 11.4 | (14.3) | 5.0 | (5.7#) |
| Meggitt | Dec | 26,070 | (21,100) | 11.0 | (10.4) | 3.3 | (2.75) |
| Metsec | Dec | 4,520 | (2,780) | 22.2 | (14.5) | 5.8 | (3.8) |
| Molynx Holdings | Dec | 1,450 | (899) | 13.0 | (10.3) | 3.25 | (2.25) |
| Nat. Industri | Dec♣ | 202 L | (58) | - | (0.5) | - | (-) |
| NMW Computers | Dec | 87 | (1,330 L) | - | (-) | 0.25 | (0.25) |
| Norfolk | Dec | 5,500 | (5,340) | - | (-) | 0.21 | (0.54) |
| Norish | Dec♣ | 2,140 | (2,540) | 19.5 | (26.0) | 11.47 | (11.0) |
| North West Explo | Dec© | 1,210 L | (2,260 L) | - | (-) | - | (-) |
| Ocean Group | Dec | 47,100 | (38,500) | 28.1 | (22.6) | 13.43 | (11.7) |
| Oliver Group | Dec | 4,070 | (7,110) | 16.9 | (32.2) | 5.75 | (5.0) |
| Olives Holdings | Dec | 1,500 | (2,000) | 13.0 | (17.2) | 9.0 | (7.5) |
| Pearson | Dec | 250,500 | (198,900) | 67.0 | (55.7) | 21.5 | (18.0) |
| Peek | Dec | 11,400 | (8,380) | 7.9 | (7.8) | 3.3 | (3.0) |
| Porth Group | Dec | 1,020 | (1,240) | 6.74 | (10.2) | 4.5 | (-) |
| Priest Marians | Sept | 1,810 | (8,900) | 10.6 | (40.9) | - | (3.3) |
| Queens Moat Hse. | Dec | 62,420 | (42,190) | 7.55 | (6.03) | 2.28 | (1.82) |
| Ramco Oil Serv. | Dec | 942 | (298) | 3.86 | (1.84) | - | (-) |
| RKF Group | Dec | 4,190 | (4,080) | 7.68 | (9.13) | 3.75 | (3.37) |
| Ross Group | Dec‡ | 485 L | (671 L) | - | (-) | - | (1.2) |
| Sema Group | Dec♦ | 17,500 | (2,600) | 11.6 | (1.2) | 2.4 | (1.44) |
| Serif Cowells | Dec | 3,680 | (6,320) | 9.4 | (16.9) | 3.5 | (6.0) |
| Sherwood Group | Dec | 8,130 | (6,560) | 35.8 | (38.0) | 7.5 | (5.5) |
| Sintrom | Dec | 1,040 | (1,820) | 5.97 | (11.6) | 2.64 | (2.64) |
| Spirax-Sarco Eng | Dec | 25,590 | (22,400) | 21.6 | (19.0) | 8.7 | (7.5) |
| Sun Alliance | Dec | 318,600 | (372,400) | 27.3 | (31.9) | 12.5 | (10.2) |
| Sunleigh | Dec | 2,800 | (2,250) | 9.98 | (7.78) | 2.0 | (1.65) |
| Swallowfield | Dec | 2,140 | (1,920) | 14.4 | (14.6) | 5.6 | (3.0) |
| Tilbury Group | Dec | 27,460 | (14,660) | 91.9 | (46.9) | 32.0 | (16.5) |
| Triplevest | Feb | 6,830 | (5,750) | 20.9 | (17.6) | 20.87 | (17.6) |
| Unichem | Dec | 14,500 | (12,600) | - | (-) | - | (-) |
| Vinten Group | Dec‡ | 4,400 | (4,870) | 10.4 | (14.9) | 4.0 | (4.9) |
| Watts Blake | Dec | 8,480 | (7,518) | 28.4 | (24.7) | 8.6 | (7.4) |
| Wilson Connolly | Dec | 54,240 | (52,970) | 19.6 | (19.1) | 3.45 | (3.0) |
| Worcester Group | Dec | 5,030 | (5,010) | 14.2 | (13.8) | 3.82 | (2.9) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| AB Electronic Prods. | Dec | 5,350 | (7,040) | 4.0 | (4.0) |
| Adwest Group | Dec | 4,330 | (4,880) | 1.25 | (1.25) |
| Air London Int'l. | Jan | 433 | (369) | 1.1 | (-) |
| Amber Day Holdings | Jan | 1,300 | (1,060) | 0.7 | (0.5) |
| Barrett Henry Group | Feb | 6,460 | (3,300) | 2.0 | (1.65) |
| Barry Wehmiller | Jan | 5,000 | (3,100) | 2.2 | (1.8) |
| Beckman A | Dec | 993 | (692) | 1.63 | (1.63) |
| Bennett & Fountain | Dec | 571 | (2,579) | - | (1.32) |
| China & Eastern Inv. | Dec§§ | 320 | (450) | - | (-) |
| Isosceles | Feb✻ | 8,000 | (-) | - | (-) |
| Lucas Industries | Jan | 80,100 | (72,400) | 8.4 | (7.0) |
| Magnetic Materials | Dec | 704 | (316) | 0.9 | (0.9) |
| Shandwick | Jan | 7,270 | (5,600) | 0.89 | (0.67) |
| Strong & Fisher | Dec | 847 L | (3,110) | 2.0 | (4.0) |
| TIP Europe | Jan | 7,560 | (5,140) | 1.7 | (1.6) |
| Tottenham Hotspur | Nov | 1,120 | (275) | 1.0 | (1.0) |
| UDO Holdings | Jan | 4,590 | (3,220) | 1.35 | (0.9) |
| Wescol Group | Jan | 910 | (649) | 1.5 | (-) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.✻ 3rd quarter figures.● Last years figures for 14 months.♣ Figures quoted in Irish punts & pence.§§ Figures quoted in US dollars & cents.† Last years dividend includes exceptional payment of 2.16p.‡ This years figures for 9 months.♦ Last years figures for 8 months.# Payments for 15 months.§ Net revenue.✻✻ Last years figures for 15 months.♥ Dividend payments for 'A' shares.© Post tax profits.

### RIGHTS ISSUES

Cairn Energy is to raise £13.7m via a three-for-ten rights issue at 265p.
Paribas French Investment Trust is to raise £16.1m via a one-for-five rights issue at 550p.
Pickwick Group is to raise £9m via a one-for-five rights issue at 200p.

### OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Leica a company formed from the merger of Cambridge Instrument and Wild Leitz is to surface on the USM next week.
Vard is to list its shares on the London stock exchange in June.

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FINANCE & THE FAMILY

Investment trusts are going for the hard sell, says **Terry Dodsworth**

# The 'easy' way to save

WOULD you put your savings into an investment trust if you could clip out a newspaper coupon and sign your cheque while eating your breakfast cereals?

Investment trust companies believe that far more people could be persuaded to save with them if it were made as easy as this. And they are now well on the way to winning the argument: if new proposals from the Securities and Investment Board are accepted investment trust management companies — the organisations which plan the investment policies of the trusts — will be able to market their savings schemes much more aggressively than in the past.

The proposed changes would mean:

■ Investment trust savings schemes could be sold "off the page," with the client filling in a form and sending a cheque in response to a newspaper advertisement. While unit trust customers can commit themselves in this way, investment trust savers have to write off for a form, which they then fill in and return with their money.

■ A greater number of licensed financial advisers would be able to recommend investment trusts to their clients. At present only a limited category of intermediaries can give advice about investment trusts because the trust companies are regarded as high risk savings vehicles requiring specialised knowledge. The proposals would allow advisers qualified to deal with unit trusts *and insurance plans to* recommend investment trusts as well.

■ Investment trust savings schemes could be marketed by direct mail shots.

■ The schemes could also be sold by "cold calling" methods — by salesmen telephoning or knocking on the door of potential customers.

The SIB is recommending these changes on the grounds that investment trust savings schemes are managed very much like unit trusts. The argument against direct public promotion of investment trusts has hinged on the question of risk — they have been regarded as a riskier way of investing on the stock market than unit trusts. Investment trusts, for example, can borrow money, whereas unit trusts cannot; and they can buy share in unquoted businesses or small companies which are prohibited to unit trusts.

These risks can be reduced, SIB contends, by making sure that investment trust savings products can only be promoted for shares that are relatively *easily traded — in other words,* investors will not be locked into situations with no hope of selling their stock. At the same time, it would want advertising to warn about the risks of purchasing investment trusts, and to explain their differences from unit trusts. Certain of the more sophisticated varieties of investment trusts might be excluded from the new regime altogether.

**'On the cost issue, investment trust companies believe they have a strong selling point over unit trusts'**

What advantage would you get by using a savings scheme rather than your stockbroker? Simplicity is clearly one. Cost are also likely to be reduced, since the managers of the schemes, bunch together a number of orders and deal directly with market makers at a cut price. In addition, you can save a standard amount regularly if you want to, although many members of the current schemes do not.

On the cost issue, investment trust companies believe they have a strong selling point over unit trusts. Many investment trust savings schemes charge a commission of just 0.2 per cent for both purchases and sales, and there are not many that ask for more than one per cent. A typical unit trust, by contrast, costs from 5 per cent to 6 per cent, plus a 1.5 per cent annual management fee.

The proposed rule change, however, will pose a delicate pricing problem for the investment trust groups. Savings schemes have been run cheaply for the client up to now, partly because they have not been heavily marketed and partly because the costs have been largely borne by a mixture of the savings scheme managers and the trusts themselves.

To the extent that the expansion of these schemes will be dependent on increased marketing, costs will go up. Existing shareholders in the investment trusts cannot be expected to carry all of the higher charges, and the managers will not want to do so either. That leaves the customer — you — *who will be less attracted the* more the charges rise. The challenge, therefore, will be to expand the marketing of the savings schemes without increasing charges to the point where the trust companies lose their low-cost investment tag.

# Trust with a difference

**A NEW investment trust offering an estimated dividend of 13 per cent in its first year, plus the prospect of future capital growth, is launched today. Called the Dartmoor Investment Trust, it is a split capital trust with some novel features. As a new issue it is eligible for inclusion in a Personal Equity Plan (Pep) up to the new maximum of £6,000, providing that application is made within 30 days from the allotment date.**

**The plan is to offer up to £20m worth of ordinary shares to private investors, while placing with institutions £16m of special Debenture stock, repayable in 15 years and *offering a return of 6 per cent* over the annual increase in the retail price index.**

**Put together the £36m of funds will be invested in a mixture of income and capital shares in investment trusts, which are expected to provide a high return for investors in ordinary shares as well as covering the cost of repaying the Debenture stock by the year 2005.**

**Initially about 85 per cent of the total portfolio will be invested in income shares and 15 per cent in capital shares of investment shares, but gradually as the value of the fund increases the emphasis will switch into investment trust shares providing more capital growth.**

**The fund will be managed by Ian Henderson Associates, the Exeter-based company specialising in investment trusts. Financial advisers are stockbrokers, Greig Middleton, with Bell Lawrie as co-sponsors.**

***Ian Henderson said the trust* offers a return that compared favourably with building society or bank deposits.**

**He said it would particularly appeal to married couples seeking to take advantage of the new system for independent taxation.**

**The non-taxpayer could put approximately £23,000 into the ordinary shares and receive a starting income of over £3,000 tax free. A wife, with no other income, would be able to claim back all the tax, deducted at source, up to the new personal allowance of £3,005 given to all individuals before they become liable for tax. Pep investors could also receive a high income, paid quarterly, tax free.**

**Henderson pointed out that by investing primarily in the income shares of investment trusts the fund would be more stable, since short-term share price movements had little impact on dividends that underpinned income shares. Historically, he said, income shares of investment trusts had an inverse relationship to interest rates, tending to rise when interest rates moved lower. So the trust should be well placed if, and when, interest rates started to fall.**

**The return to ordinary shareholders is geared to the need to generate sufficient funds to meet the repayment of the Debenture stock in 2005, when shareholders can decide whether or not the fund should be wound up. The managers will have to work hard to ensure that the first priority to provide Debenture shareholders with a real return of 6 per cent above inflation( as measured by the Retail Price Index) is met.**

**This may mean that there is precious little to spare for holders of the ordinary shares if the underlying investments do not perform well, but Henderson is confident that even with the worst scenario of inflation exceeding the growth in the trust, there is an adequate margin of safety.**

**Minimum investment is £1,000 and the offer remains open until April 23.**

**John Edwards**

# Health cover relief spurned

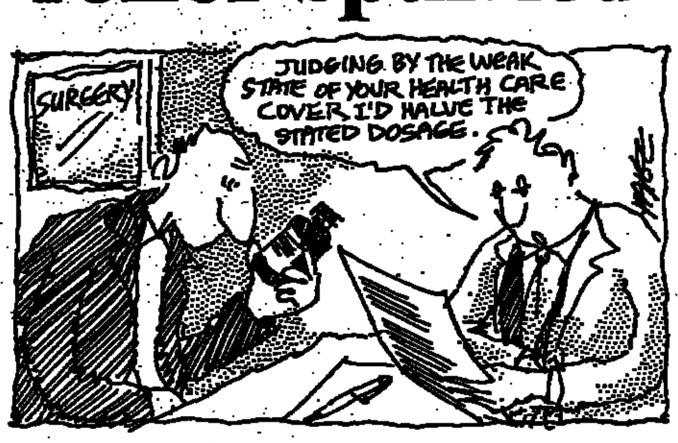
TAX RELIEF on medical insurance cover for people aged 60 or over came into effect on Friday, the start of the 1990-91 fiscal year.

But in spite of waving the carrot of tax relief before the eyes of the elderly, few medical insurance companies have noted any great interest in the new schemes from non-policyholders. In fact it is their existing customers who have shown the keenest interest in the introduction of tax relief on premiums paid by — or on behalf of — somebody over 60.

The companies are nonplussed by the lack of interest: their helplines, *set up to* answer inquiries from the public, are under-used, and few calls from non-policyholders have turned into new business.

The Government's main aim in offering tax relief on private health policies was to encourage the elderly to "go private" rather than use the National Health Service, thus taking some of the pressure off the NHS. However, the initial response to this new concession suggests that few people are interested in taking out medical insurance simply because of the tax relief — rather, the inquiries are coming from existing customers who want cheaper cover.

Andrew Grigg of SPS, medical consultants, points out that the lack of new business is probably because medical cover is "still very expensive, even with the tax relief." For




example, Western Provident Association (WPA) charges £109.30 gross, or £82.05 after tax relief, per month for a married couple aged 60-64, living in London, who want *top cover.*

Grigg also points out that in certain cases there is little to be gained from changing into a policy that qualifies for the tax relief. Premiums for the schemes, which receive tax relief, must be paid monthly and may not work out much cheaper than the old schemes — which sometimes offer a substantial discount if the premium is paid annually.

Has tax relief given insurance companies the excuse to increase premiums? Apparently not, though PPP admits that given the "escalating costs" of insurance it is quite possible that premiums will go up in its July review.

People who want to change from their existing scheme into a policy which qualifies for tax relief may have to act fast if they want the full benefit. Several companies are writing to customers aged 60 or over who are eligible for relief, encouraging them to return an application form as soon as possible so that the tax relief can be backdated to April 6.

However, few *emphasise* the fact that if a son, daughter or other relative pays the premium on behalf of somebody aged 60 or more, they will be entitled to tax relief even if they themselves are not over 60. The relief is deducted at the basic rate of 25 per cent, but if you (or the person paying on your behalf) pay 40 per cent tax, you can reclaim the rest at the end of the tax year.

You will need to check that your insurance company has a qualifying scheme. Under the Inland Revenue rules, policies will not qualify if they provide cover for cash benefits, dental treatment, eye tests and other non-surgical eye treatment, plastic surgery for cosmetic *reasons,* and alternative medicine.

Most companies have adapted their schemes to meet the Inland Revenue's requirements, which means you will probably have to switch policy if you want tax relief. PPP's Family Health Plan has two options — a cash option and a tax relief option for the over 60s. Bupa removed the cash benefit option to make its schemes eligible, and WPA has come out with two schemes aimed at the 60-plus market, called Beech and Walnut.

**Sara Webb**

Just how do you measure unit trusts? asks **Eric Short**

# Plans to seek clearer accounts

HOW DO holders of unit trusts measure the progress of their investments?

The obvious main measure is the performance of the unit price, with the income distribution normally as a secondary factor.

There is no shortage of information on unit trusts price performance. Figures are published daily in many national newspapers, including the *Financial Times*, and "league" table comparisons over various periods of time are widely available.

The annual and interim financial statements of the trust, issued by the managers, should provide unitholders with useful information, such as the composition of the fund's portfolio and the changes made in the portfolio during the accounting period. But they are often written in market jargon, often to disguise a poor performance, and are difficult to understand.

The Investment Management Regulatory Organisation (Imro) — the regulatory body's responsibilities include unit trust management groups — is concerned that these financial statements should be of more use to *unitholders in assessing* the performance of their investments by ensuring that the accounts are prepared in a clear and consistent manner.

So Imro set up a working party of practitioners, including managers and trustees as well as auditors and regulators, to determine the basis on which unit trust accounts should be produced in future.

The results of the deliberations of the working party were issued this week in a Statement of Accounting Practice*.

It sets out details of the information to be provided in the statements. This includes:

■ Valuation of the assets, preferably on a mid-market basis, though they can be on a bid basis.

■ A statement of asset movements over the period.

■ Income should be shown gross, with any tax deducted at source dealt with in the tax charge.

■ Full disclosure of management and other expenses not included in investment transaction costs.

■ In the income account, both income and spending should be shown as a percentage of average net assets of the scheme, instead of the current practice of showing the items as pence per unit. This will help to make comparisons between different funds.

Possibly the additional information required will be useful to independent financial advisers who have the necessary research facilities to assess the management/investment qualities of the different unit trust groups. But on the face of it, all the average unitholder will receive is more pages in the annual and interim reports.

It might have been helpful had the working party included a unitholder representative. Then Imro might have produced a format for the annual statements that would have been understandable and useful for unitholders.

At present these proposals are in draft form, with comments on any suggested changes required by the end of May.

**Statement of Recommended Practice Authorised Unit Trust Schemes — Exposure Draft available from IMRO, Centre Point, 103 New Oxford Street, London WC1A 1PT.*

# FINANCE & THE FAMILY

**Michael Field** advises on buying fine wines for your portfolio

## Vintage investments

WINE PRICES are moving up again. Demand for good wine, and especially for well known French names, continues to expand faster than supply. The Japanese are becoming a serious force in the market for the first time and are expected to have the same effect as the Americans did in the late 1960s and early 1970s.

At the top of the market, in Bordeaux, there has been a recovery since last Autumn after two years of stagnant or slightly falling prices. The châteaux owners, who in the last two decades have gained a reputation for screwing every centime they can out of their production, are expected to open the market for the good 1989 vintage in the next three months with a large price rise.

All of this suggests that now might be a good time to put some money into wine as an exotic alternative investment.

The four principles to remember, before you even consider the details of the investment, are that wine should be only a small part of a portfolio; that you should not borrow to finance it; that, in spite of its physical nature, it is not liquid — it may take some months to arrange to sell it; and, above all, that it is a long-term investment.

In other words, you need £5,000 to £20,000 cash, which you must be prepared to lock up for at least four years, and possibly for as long as 10.

If you have this capital the wines to buy are the top 20 or 30 châteaux of Bordeaux. These are available in substantial quantities, their names and their performance vintage by vintage are well known and they are regularly traded, which makes them easy to sell.

Among the alternatives, vintage port is too little drunk nowadays, the New World wines have unproven ageing potential and no established secondary market, and the great German wines are known only to a few connoisseurs and tend to come on to the market at high prices.

Burgundy makes a difficult investment because only small quantities are available — the region has only a tenth the production of Bordeaux — and the vineyards are divided between innumerable small owners. In Bordeaux the land is split into large parcels, of 40 to 200 acres, each under the management of a single château which turns out a uniform product, in Burgundy a 20-acre vineyard may have a dozen owners making a dozen wines of varying quality. It is difficult for an investor to be sure that of getting the best wine from the vineyard. More important, when he or she sells, several years later, when the details of who made the good wines will have been forgotten, the potential buyers will be even more uncertain.

Having opted for Bordeaux, the investor should try to buy *en primeur* in the Spring after the vintage. At this stage the châteaux are making the *assemblage* of their wines — but there is no guarantee of profits for anyone who buys at this point. When it is being offered both by the châteaux and by the merchants the wine may stay on the market for a very short period, which means that both merchants and investors have to make snap decisions about the direction of the market and the quality of extremely immature wines. After the poor 1984 vintage, when the châteaux were being exceptionally rapacious and the merchants especially timid, prices fell from *en primeur* levels.

In fact, 1984 would have been a bad wine to buy as an investment in any circumstances


**PERFORMANCE OF 100 CASES OF 20 LEADING MEDOC AND ST EMILION CHATEAUX**

| Vintage — bought in spring of following year | Opening price from merchant | Market value in June 1989 | Compound increase p.a. to June 1989 | Compound increase p.a. to June 1987 |
|---|---|---|---|---|
| 1981 | £9,210 | £26,679 | 18.21% | 26.99% |
| 1982 | £13,285 | £40,258 | 20.3% | 33.6% |
| 1983 | £14,535 | £28,326 | 14.28% | 25.0% |

*Source: John Armit Wines Ltd*

blending the slightly different contents of their vats before putting it into barrels — and it is now a tradition that they offer a small amount of their production to the trade. Their original purpose was to earn themselves some working capital 18 months before the wine was in bottle, but even now the practice continues.

Really knowledgeable investors who trust their contacts in France might buy from a *negociant* in Bordeaux. Anyone else would be wiser to buy from a London merchant, who may charge a little more, probably having bought part of its own supplies from *negociants*.

The performance of wine as an investment is normally measured from the starting point of an *en primeur* price, because it did not have the quality to mature well. It is the fact that good Bordeaux châteaux in good vintages will improve for 20-30 years that underpins the whole concept of wine as an investment.

The three years before the 1984 vintage provide a classic example of wine performing well as an investment. All were good or excellent vintages and they came at the beginning of five years of steadily rising prices. John Armit, the former managing director of Corney and Barrow, who now has his own company, has been monitoring the performances of five cases each of 20 Médoc and St Emilion wines of the 1981, 1982 and 1983 vintages and has seen results (given in the chart) which compare superbly with most other investments. In 1987, before the recent two-year wine recession, the results looked better still.

Even if there had been no recession it is unlikely that the wines surveyed would have continued to perform at their 1982-87 rate because the fastest appreciation in the life of a bottle of Bordeaux is normally in the four to six years after the vintage.

An investor who bought just before the recession and therefore fails to obtain this appreciation should be prepared to hold the wine for longer, and even increase stocks. This advice is not as banal with wine as it would be with, say, shares, since the volume of Bordeaux of each vintage falls as it is drunk, much of it far too young.

The top 25 Bordeaux châteaux produce only 5m bottles a year, demand for their wine is rising, and stocks are steadily being consumed therefore you are very likely to see a substantial profit from a holding over 10 to 15 years.

A number of big London and provincial wine merchants offer Bordeaux *en primeur* and they will advise you on what to buy. Some merchants, including Corney and Barrow, will sell on behalf of customers at auction, but most tell customers to think of their wine as being primarily for drinking, and to sell mainly to finance new purchases.

One company with an organised investment service is John Armit Wines. Armit advises investors on when they should sell and when they should hold their wines. He monitors their performance, using an average of Christie's and Bordeaux prices, and arranges their storage. Often it is best to keep them in Bordeaux and avoid shipping charges.

The selling is done to merchants in Bordeaux, London or New York, wherever the best prices can be obtained. Armit charges five per cent for organising the sale. If he sells through Christie's or Sotheby's the auction house takes a further 10 per cent. That is the last charge the investor will pay. There is no capital gains tax on wine. The Inland Revenue, reasonably enough, exempts it from tax because it views it is a diminishing asset.

**Buying a vineyard, Page XV**

## Good Samaritan lost £50,000

ABOUT A year ago my son purchased a manufacturing business. As a result of ill-health and other circumstances beyond his control, the business ran into difficulties.

To help him out I injected £50,000 into the company, by selling part of my portfolio of shares. Some capital gains were made, which I will be declaring when making my tax return. Unfortunately the business continued to deteriorate, and it now seems that it will have to go into liquidation. I am informed that there will be no chance of my recovering my £50,000. Will I be able to treat this as a loss for capital gains tax purposes?

■ It depends what you mean when you say you "injected" £50,000 into the company. If you mean that you lent £50,000 to the company (as distinct from subscribing for loan stock etc.), then you should be able to establish an allowable loss of £50,000 by submitting a claim under section 136 (3) of the CGT Act 1979.

If you mean that you subscribed for £50,000 of loan stock in the company then no relief will be due, because the loan stock will almost certainly be a qualifying corporate bond, as defined for the purposes of section 67 of the CGT Act 1979, following the 1989 changes in the law.

If you mean that you subscribed £50,000 for shares in the company, then you should be able to establish an allowable loss of £50,000 plus indexation, by submitting a negligible-value claim under section 22 (2) of the CGT Act 1979 at the appropriate time (which is likely to be in the first two or three days of April 1990).

Furthermore, you should be able to convert this CGT allowable loss into a loss deductible from your income, by submitting a claim under section 574 of the Income and Corporation Taxes Act 1988, within the two-year time limit. If you do not submit a negligible value claim, then the CGT/income loss will accrue on the day on which the company is struck off.

### Topping-up a pension

I WORK with a large privatised company. My pension entitlement is 1/80 for each year of service and by retirement age, having completed 40 years, I will receive as a pension one half of my final salary, based on the best of the last three years, which will be index linked.

In addition, I will receive a tax free lump sum of one and a half times my final year's salary. My contribution to the pension fund is 6 per cent of salary and my employer contributes 12 per cent.

I am now 42 and will retire at 60. Is it possible for me to take out an additional private plan which will be tax efficient, or have I reached a limit with regard to the Inland Revenue?

■ As you are entitled to 40/80ths after 40 years service plus a tax free lump sum of 1½ years salary by age 60, and as these two items approximately equate to a pension of ⅔ final salary (the Inland Revenue maximum), it doesn't look as if there is much scope for supplementation.

If you are married you should check the amount that would be payable to your wife if you die in service or you predecease her after you retire.

The maximum death in service benefit is a lump sum equivalent to four years' salary plus a spouse's pension of 44.4 per cent of salary, and the maximum pension payable to a spouse on death after retirement will be ⅔ of your pension.

If these benefits are already provided there is no scope for further supplementation. If not you should ask your employer what facility the in-house AVC scheme offers for topping up these items.

### Expatriate status

I HAVE been in full time employment in Bahrain from February 1985. My salary is tax free from my employer, the Government of Bahrain. My wife has worked in Bahrain from September 1986 as an assistant teacher and also receives a tax free salary.

Our local tax office knows we are abroad since there is regular communication between us concerning tax on rental income from letting our house in the UK. We have never requested nor received formal confirmation of non-residence status from the Inland Revenue. Is this important or advantageous before we eventually return to the UK.?

Providing we close offshore interest bearing accounts before returning, is it relevant for income tax purposes whether our return is toward the beginning or end of a tax year?

■ First question: No: your respective residential status is a question of fact, regardless of formal statements. Presumably the rental assessments have been made on the basis that you are non-resident Commonwealth citizens, as outlined in the free booklet IR20 (Residents and non-residents: liability to tax in the UK), which is obtainable from the tax inspector's office — as is the free booklet IR27 (Notes on the taxation of income from real property).

2nd question: No (so far as we can tell from the limited data). The booklet IR20 may make things more clear to you. Any bank accounts in foreign currency (regardless of whether they bear interest) should probably be closed before your arrival, in case they contain accrued exchange gains potentially taxable under section 135 of the Capital Gains Tax Act 1979.

**Q&A BRIEFCASE**

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

### Retirement home tax

I WAS formerly managing director of a limited company in which I had a 50 per cent share. I occupied a house provided — but not owned — by the company, as required by my service agreement.

In 1974 the company purchased a house which was subsequently let. In accordance with original intentions, I bought this as my main residence, with a view to retirement, in October 1986, jointly with my wife and with a tenant in occupation.

Tax was paid arising from this acquisition, as the tax inspector considered it to have been sold at less than true value. In December 1988 I retired and left my service accommodation, and my directorship ended in February 1989. My shares were sold to an associated company.

On retirement, I accepted a "grace and favour" residence provided by a trust set up from the estate of a former associate; which my wife and I can occupy as long as we wish, rent-free. Our own house is let on a short-term agreement.

Could you answer the following queries?

1. Though no written notice was given to HM Inspector at the time of purchase that this home was to be treated as our main residence, I continued to pay tax on benefits accruing from my service house, as shown annually on form P11D, and was also taxed in respect of rents received from our property.

Should we protect ourselves against the payment of GGT in the event of a future sale by submitting a late claim for exemption under concession D21?

2. In the event of a claim for GGT arising at some future date, at what point would the first valuation of the property be fixed?

3. Would my exemption be deemed to have ceased from the date of my retirement?

4. My wife was also employed by my company. Would she also be entitled to exemption from GGT on her share of the house?

■ So far as we can tell, neither you nor your wife would have been entitled to nominate your prospective retirement home as your main residence at the appropriate time, because the service house was not "job related" as defined in section 356 of the Income and Corporation Taxes Act 1988.

The company's accountants would be best placed to advise you on this point, since they know the full background facts, presumably.

Questions 1, 3 and 4 do not arise (so far as we can tell) therefore.

The answer to question 2 is that the base cost of the house would be its market value at the time of purchase (which presumably was eventually agreed with the tax inspector) for the purpose of charging you to income tax on the difference between that value and the price you paid to the company.

### In short, you lose

CAPITAL gains are now the same level as income tax. If I sold shares at a loss, could I set off the loss against my trading income.

■ No. Ask your tax inspector for the free introductory booklet on capital gains tax — CGT14(1989).

You might also like to ask for pamphlet CGT16(1989), which deals with indexation allowance for 1988-89 and the present tax year.

MINDING YOUR OWN BUSINESS

# Helping hands for crafts people

*It's hard to be creative and earn a living. **Jessica Alexander** looks at two successes*

THE IDEA of making a living from a hand craft is a powerful lure. But *for most* it must remain a labour of love. Making a profit from crafts is a tricky art.

Usually crafts people cannot charge a realistic rate without pricing their goods out of the market. And yet they must run a business and create sales as well as practising their creative talents.

For some the ideal is to find an outlet for their creations. For others the pleasure comes from working with a client to create something unique. Home improvements have provided rich pickings for small joinery businesses. Antique restoration is another outlet for a specialised skill.

There are various sources of advice and funding for crafts people.

Furniture-making – which involves function as well as art – allows more scope than most crafts; and furniture makers can apply to the Worshipful Company of Furniture Makers. The livery company's main aim is to encourage people to enter, stay in and further the furniture industry in the UK. Much of its money goes into training and research projects. This year it has £42,000 to give away in the form of grants and bursaries. A small business could apply for a grant or one of the Company's study bursaries, which could be anything from a few hundred pounds to a few thousand. The bursaries are intended to help fund study trips, often abroad.

Another potential source of income is the Crafts Council, which offers a variety of different bursaries and grants. For a craftsman or woman wanting to set up in business, the principle funding is a two-part grant – a fixed £2,200 maintenance grant paid quarterly and an equipment grant which varies according to need, but does not often exceed £5,000. About 40 such grants are given annually.

Project grants are available to groups or individuals, usually for sales promotion or exhibitions. There are also four £6,000 bursaries every two years.

The Crafts Council also makes block grants to Regional Arts Associations, for support to local artists. The usual amount is around about £40,000 but depends on the size of the area and the number of craftsmen in the region.

People aged 18 to 25 who are disadvantaged by long-term unemployment or a disability can apply to the Princes Youth Business Trust for funds when all else fails. This year the Princes Trust will make 2,000 grants of up to £1,500 to help with set-up costs; and 1,500 soft loans of up to £5,000 each.

If you live in a rural area – or in a small town – you could also contact the Rural Development Commission. Their primary role is to provide advice to businesses in rural areas with fewer than 20 skilled employees.

A specific grant, the Redundant Building Grant is available for the conversion of disused buildings into workspace in the 27 rural development areas and six ex-mining areas designated for special attention. It is worth up to 25 per cent of the cost.

■ *The Worshipful Company of Furniture Makers: 30 Harcourt St, London W1H 2AA (01-724-5160).*

■ *Crafts Council, 12 Waterloo Place, London SW1Y 4AU (01-930 -4811).*

■ *Princes Youth Business Trust, 8th Floor, Melbury House, Melbury Terr, NW1 6LZ (01-262-1340)*

■ *Rural Development Commission, 141 Castle St, Salisbury, Wilts SP1 3TP (0722-336255).*

# An eye for wood, an ear for music

BEING A limited company would be a disaster as far as David Dyke is concerned. He pales at the thought of having to audit his stock. "It wouldn't be too bad with the hardware – but the timber: it's so difficult to put a value on it. Some increases over the years – some decreases."

He's equally imprecise about profit margins on wood. "It's very subjective. I price it as I think it is worth: that might be less than I paid for it or 300 per cent more."

Customers have rarely disagreed with his judgment. But that is because there are very few people around with Dyke's ability to identify and grade suitable timber to make fine musical instruments.

Making the right decision on wood is how Dyke has made a living for 12 years, although he also supplies every other material to make a fretted musical instrument.

His pricing policy might seem haphazard, but Dyke's business, called Luthier Supplies, is successful because he keeps tight control on costs, ensuring nothing is wasted.

At school he made guitars and soon found himself making and repairing them for others. While he pursued a daytime career as a television presenter for the Inner London Education Authority, he spent his evenings teaching guitar players how to make their own instruments – and tracking down the materials they needed.

It wasn't long before every inch of space in Dyke's Camden flat was covered in planks of wood. His evening class students were pooling their resources to enable him to buy suitable wood when he saw it. "I even stole the children's savings: I keep telling them they'll get it back with interest one day."

Dyke decided the operation had to be put on a more formal footing: "We started writing invoices and keeping accounts and that's when we became a proper business." The flat had to go, replaced by a rambling clutter of buildings, barns and lean-tos in East Sussex which are home and work.

In the first year turnover was £8,033. Last year it was £143,000. Dyke attributes this growth to a combination of luck and care. A little capital – £7,000 – released in the move from London was spent on basic woodworking machinery. After that it was a case of growing slowly, keeping overheads and interest payments to a minimum and "not wasting a thing."

Since he set up, Dyke has only spent about £5,000 on capital equipment, installing a larger dehumidifier for seasoning wood and a wood-waste burning stove, which heats the whole house. The business depends more on specialist knowledge than the latest equipment.

Apart from a £6,000 overdraft facility from the bank, which gives Dyke flexibility to buy suitable wood when he sees it, everything is funded from income.

The mail order catalogue and price list make up the bulk of the £3,000 a year spent on stationery.

Nowadays people hear about Luthiers Supplies on the grapevine. Dyke stopped advertising several years ago: "I realised I didn't need any more customers: my real problem was meeting the demand I already had. I needed to concentrate on getting good supplies."

Dyke is 44 and has found his priorities have altered. He has decided working all hours is not healthy for himself or his family. Gone are the days when he was willing to sleep in a rickety old van, travel to timber yards in Germany and bring the wood back himself. Now, he flies, stays in a comfortable hotel and, having selected the wood, leaves the transportation to others. Last year he even contemplated selling up. "But in the end I couldn't let down so many people. There are so many things for which I really am the only source of supply in the country."

He is not looking for any more growth: in the last couple of years, turnover has stayed much the same while costs have gone up. Now he spends his time doing what he most enjoys, out at least one day a fortnight choosing timber and then preparing and grading it.

His next challenge will be to find and train a successor.

■ *David Dyke, Fretted Instrument and Luthier Supplies, The Hall, Horebeech Lane, Horam, Heathfield, East Sussex TN21 0HR, Tel. 04353-2315.*

Tony Andrews

Dyke: Pales at the thought of having to audit his timber stock

# High stakes on the tables

WHEN YOU are married, have a child, a mortgage and a secure management job in the family business, complete with company car, to give it all up and spend two years training as a furniture designer takes a lot of courage.

Nicholas Pryke had always wanted to pursue a creative career however and decided to take the risk. His business, The Furniture Workshop, is now in its second year and set to turn over around £40,000.

Although he had originally wanted to be an illustrator, it was furniture making that finally attracted Pryke – specifically, the business-like approach offered by John Makepeace's School for Craftsmen in Wood at Parnham House – where Viscount Linley trained.

Pryke says his business really started when he went to Parnham. Apart from teaching furniture making and design it covers all the principles of running a business.

"It really is the non-productive preparation time for launching yourself," says Pryke.

It is also the first serious cost for budding entrepreneur: annual fees for Parnham are around £8,000 and few local councils give grants. Pryke's local council, Hertfordshire, did give him a discretionary grant for fees and maintenance: other income came from his wife's wages.

Parnham students must buy their own tools and all their own materials. But the furniture they make becomes the collection for their first sales. At the end of two years, Pryke had an overdraft of £5,000.

Pryke won £1,200 for the best business plan and shared £1,500 for the best piece of furniture. The money helped pay off the overdraft. The publicity brought in orders: more than £20,000 in six months.

The problem then was the space and time to make the furniture. His rented bench space was inadequate. He applied for and won a £5,000 business start-up grant from the Crafts Council, coupled with a £2,200 maintenance grant. A property deal on his previously renovated home brought in £25,000 of capital.

"It is no good not investing enough in the equipment you need to bring you the business," says Pryke. He does not spend money on what he does not need – timber stocks, for instance. "There is no return on timber stock for a new business."

Pryke: Prize-winning tables

Most of his £30,000 set-up costs went on the equipment essential for a woodworking business, such as band and circular saws, a planer, a spindle moulder and hand-held tools such as jig saws.

Fixed costs run at the rate of £17,000 to £20,000 a year: "It's about the only part of my prize-winning business plan I got right," laughs Pryke. "It took far longer to set up from scratch than I anticipated and I haven't employed people as fast as I thought."

Pryke rents about 1,000 sq ft of workshop space for £5,250 a year – plus a £1,750 service charge. It is based in an old stable block in the country house grounds of the family building business, just off the M25 at Waltham Forest in Essex, and is convenient for his chosen market, London.

"I don't get any concessions with the rent," says Pryke. But he makes use of their office equipment, paying cost for photocopying and fax and paying a helpful secretary £4.50 an hour to cover his typing needs.

His sales have mostly been commissions from private customers. Although he aims to produce one-off commissioned work he has sold 10 of his prize-winning tables at a useful £1,000 each.

Pryke's work is carefully costed. Materials, the cost of which is easy to calculate, account for about 15 per cent of the total. Design and labour is harder to estimate, but Pryke's rate of £100 a day includes his profit margin.

Some items are on display at the New Designers Gallery in the Business Design Centre in London's Islington and at Fiell in the Kings Road – a gallery specialising in modern furniture designs.

Retail shops are mostly out of the question: the normal retail mark-up of around 100 per cent makes the furniture too expensive.

Pryke has one full time assistant, on PAYE, who he pays £9,000 – the same amount he allocates to support himself and his family.

He would like to break into corporate business. All his effort to date has been in presenting a professional image: "I want architects and design practices to have the confidence that I can do what I say I can do."

He has just won a £5,000 business expansion grant from the Worshipful Company of Furniture Makers, which he is using for the next stage of capital investment: a lathe and a spray booth.

■ *The Furniture Workshop, Warlies, Waltham Abbey, Essex EN9 3SL (0992-767403).*

PERSPECTIVES

# Is this what living in London is all about?

## Blow to capital confidence

LONDONERS' confidence in the future of their capital has taken almost as much of a drubbing as the victims of last weekend's riot in Trafalgar Square.

The Brixton riots of 1981, shocking as they were, had at least a local context and cause. Last week's outbreak of looting and burning in the very heart of the West End by a disaffected, wealth-hating and politically anonymous mob may have damaged the city's self-esteem much more seriously.

Many foreign visitors and expatriates still rate London among their favourite capital cities: for its cosmopolitan diversity, its long history, cultural excellence, its parks, shops, pubs and restaurants and the generally even tenor of its life.

But as the ugly underside of the city's prosperity is revealed, even the most resilient of London's inhabitants are becoming anxious.

The litter, the dirt, the vagrancy, the poverty and the overcharging, the drunkenness and crime, congestion above and below ground, the disintegration of public services, the apparent lack of a strategic vision – all these things make long-time residents wonder whether London is losing its head as well as its heart.

Their pessimism may owe something to the state of war that persists between a right-wing government in Westminster and the left-wing inner city boroughs. It has not been helped by the political vacuum left by the abolition of the Greater London Council.

For whatever its defects, the GLC at least provided a centre of gravity and an electorally accountable policy forum. Its abolition removed not only a political scapegoat but also a symbol of civic unity in a city which is more than geographically divided by the river Thames and where local loyalties have always come first.

London has lost its voice abroad and its sense of direction at home, according to Margaret Hodge, chairman of the Association of London Authorities, the group comprising Labour-controlled boroughs. The abolition of the GLC had a far greater impact than people expected and she detected a widespread wish, outside the Conservative Party, to see a constitutional authority restored.

"London is not a pleasant place to live and work in at the moment," she said. "Paris spends seven times as much as we do on street cleaning and this week's poll tax capping of Labour councils will hit things like street cleaning."

A report commissioned by the ALA and published last month attempts to gauge London's economic prospects and quality of life up to the end of the century. Compiled by the Henley Centre, it sounds several notes of warning, certainly, but not the trumpets of Armageddon.

Foreign tourist numbers will continue to rise in spite of a shortage of hotel rooms (about 11,000 are presently used to house homeless families), consequent high prices and competition from artificial amusements like the Euro Disneyland being built outside Paris. Indeed, tourism may itself be increasingly regarded as a form of city pollution.

The failure of the educational system (teacher turnover is more than 20 per cent) and the lack of labour skills (inner London has twice the unemployment rate of outer London) could mean that London becomes a "low wage, low skilled service centre" staffed by people from all over Europe.

The Channel tunnel rail link is expected to inject new economic life. On the other hand, the capital's population is projected to rise only slightly, and by much less than that of the south east of England as a whole.

The city's traffic congestion should be eased by the proposed cross-London rail links that may be built – at the cost of some serious temporary disruption – over the next 15 years. Meanwhile the Government's decision last week to drop all the big road improvement schemes has undoubtedly protected the quality of life of city residents at the expense of motorists. But investment in public transport will only work if accompanied by positive disincentives to deter drivers, such as a freeze on car parking space and effective policing of the proposed Red Route clearways.

An attack on the peculiarly British perk of the company car would be popular in left-wing circles and the idea of road pricing – where the driver pays for the amount of road he travels each day – is no longer political heresy. A charge of £3 a day would raise average traffic speeds from under 13 mph to between 16 and 19 mph, according to the Institute of Public Policy Research. Many people predict road pricing will come by the end of the decade.

Congestion might also be eased by so-called telecommuting. The Henley Centre estimates that about half of all employees could work from home on office-linked terminals for part of the week. How far telecommuting catches on, however, depends less on technology than on the willingness of workers and employers to abandon the social habits of two centuries.

Nor is London's increasingly visible squalor necessarily fatal to its economic chances. The authors of the ALA report write: "It is in no cynical spirit that we conclude that London could reach the year 2000 and experience even greater destitution and still not see her tourists or her investors repelled by the misery on the streets." They are describing a gloomy, but far from inevitable, prospect.

Physically, London may today be one of the less inviting capitals of western Europe. But its problems are not intractable like those of, say, New York. It still has enormous advantages and powers of attraction with which to fight the economic competition from other cities in a border-free Europe. Perhaps the city's greatest weakness, after all, is the lack of a collective strategy and leadership to deal with its domestic problems.

***Christian Tyler***



The other face of London: homeless people huddle for shelter at Spitalfields on the fringe of the City of London

Colin Beere

## Anarchy on the home front

*Is respect for people and property a thing of the past? A diplomat recounts how his London house was smashed and burnt — while the law seemed to protect the wreckers*

LETTING A house always involves a risk. So many things can go wrong. In this case just about all of them did, and a few more besides.

We bought the house in 1980. It is a mid-Victorian construction, but looks earlier, simple in design and with a sense of spaciousness. It also possesses several appealing details, like painted door panels. It has little in common with the other houses in that suburb of London which is why it was Grade II listed by the local borough. It needed a lot of work, but we set to with enthusiasm and completely renovated and redecorated it ourselves, confident that it would be our home thereafter.

My job requires us to live abroad for spells of several years. When we had to leave in 1982 we asked a large and reputable letting agency if they would take on the house. Although we were more concerned to find suitable tenants than to make an enormous profit, the house proved difficult to let. Eventually tenants were found, but they did not stay long. Besides, we were not fully satisfied with the way in which the agents were looking after the house. So while still abroad, we changed agents to a more local firm who had been recommended to us.

The new agents started well. They attended to some repairs needed, and soon found tenants. Although they only stayed a few months, we then let to a lady writer, who had been renting a friend's flat quite satisfactorily and who preferred a detached house with more space. The lease was for six months initially, and we gave the usual notice under Case 11, which established in the eyes of the law that this was our only house, which we could get back if we needed it for ourselves or for a close member of the family.

The first six months passed without problem, and the lease was extended. Some time later we started getting complaints from the neighbours. It appeared that our tenant was no longer the only occupant of the house, and the noise of a pop group practising went on late into the night.

I went to see the neighbours, the agents, and the tenants. All had complaints. The tenants said the agents were not carrying out the repairs they asked for, blaming the owner ie myself. The agents said that they were getting no co-operation from the tenants, but they agreed to undertake a list of repairs and improvements. The agents and tenants both said that the neighbours were being narrow-minded about the tenants' undoubtedly non suburban life style.

My own conclusion was that I wanted to end the lease as soon as I could, but that there was no basis for doing so at the time. The presence of more people in the house, which is large, and their unconventionality did not seem material objections. The rent was being paid regularly, the house was being looked after reasonably well (if not exactly as I would have liked) and I did not have any grounds under Case 11 to require the tenants to leave. In any case, the "lady writer" told me that she was hoping to buy a house of her own shortly. It seemed definitely preferable if the tenants left of their own volition rather than being evicted.

It was then that I discovered from an article in the local paper, sent to me by a considerate neighbour, that the tenants were in fact all receiving housing benefit from the local borough council. This changed the situation as far as I was concerned, but apparently not in law. My tenant's rights did not depend on the rent being paid out of her own pocket, but on the relevant sum reaching the owner's agent, which it was still doing. I had not authorised the agent to turn my house into a council squat, but neither had I expressly told him not to. My mistake, apparently. I now told him that I was not satisfied with his handling of the case, but the real problem was how to get the tenants out. I still thought it would be best if they left voluntarily, which they said was their intention.

Several months later they were still there. The reports from the neighbours were growing increasingly grim. By now the rent was not up to date, and the condition of the house was definitely deteriorating. The agent was still sublimely dismissive of our concern. Our lawyer was dubious about our prospects of securing an order for repossession, but agreed that this was the necessary first step. Apart from anything else, our son needed somewhere to live on finishing at university the following July. We instructed the agent to give notice for the tenants to quit. Of course they did not move out. So we asked the lawyer to apply for a repossession order, on the basis of Case 11 and any other grounds he thought would achieve the right result.

The tenants' behaviour now surpassed our worst fears. The neighbours told us they were lighting bonfires in the garden, with our furniture, and throwing things through closed windows. A friend whose help I enlisted told me that the inside of the house was in an appalling state. The police made raids for drugs, and we learned later that the house had been under surveillance for months. The tenants fought violently among themselves, and again the police were called by the neighbours. The electricity, gas and telephone were cut off for non-payment of bills.

Eventually the date for the court hearing arrived, some eight months after we first gave the tenants notice to quit. We had engaged a barrister, and I returned from abroad (we were now in Europe) to give evidence in court. However, the case was not heard. Our tenant said she had had insufficient time to prepare her defence, and that she needed legal aid to match our barrister. The Registrar accepted this plea. He gave her a month in which to prepare and submit her defence. This was lodged on the final day of that period. Our lawyer advised that the case would be heard substantively some months ahead, and might take two days.

About a month later I received an urgent telephone call. The house had caught fire, and I should contact the police. They told me, off the record, that the tenant was in hospital (in fact she was unhurt), and her common-law husband, the only other person still living in the house, was in prison for attempted murder and arson. My wife and I flew back to London. The damage was extensive. The entire roof had been destroyed and the water from the firemen's hoses had drenched everything inside. The police told us that it was clear that a "fire accelerator" had been used, but warned that the charges against the common-law husband might be dropped. They were right. The Crown Prosecution Service apparently decided that there was insufficient prospect of securing a conviction, but neither they nor the police would explain to us how this could be when the fire was deliberate and there were only the two people in the house at the time.

Since we were still living abroad, we decided we had to employ a loss assessor to handle the insurance claims. He told us that the house was under-insured, notwithstanding that when we first purchased it our building society had fixed the value for insurance purposes on the basis of full rebuilding cost, and the value had been indexed up each year. After a few months, no doubt to see whether liability could be contested altogether, the insurance company "instructed their loss adjusters to proceed." They did not hasten. The cost of repairs is estimated at £50,000 more than the insured value of the house. We now hope to receive shortly, over a year after the fire, the insured value less the charges, already considerable, for erecting and renting a temporary roof of scaffolding and corrugated iron to keep out the worst of the weather. As regards the contents, we have agreed with the insurers a figure for the fire damage. However, the greater damage was done by the tenants before the fire, and this is neither covered by the insurance, nor recoverable from the tenants who were already receiving housing benefit and clearly without means.

The fact that the tenants had set fire to our house did not affect our case against them for re-possession. This was finally heard seven months after the fire. The tenants, who had been living elsewhere as the house was uninhabitable, did not contest it. We were both represented in court by barristers, theirs on legal aid, and judgment was duly given in our favour. They had not been prepared to drop the case and so spare the trouble and expense of a hearing, as the court order against them made them officially homeless, and entitled them to priority in the local authority housing space.

We have, naturally, thought seriously about taking our agents to court. However the lawyers advised that the prospects of wining a case against them were slender, and even if we won, the amount of damages we could hope to secure was uncertain.

What are the lessons of this unhappy history? First, we clearly made a mistake to change, while abroad, from a reputable letting agent to this particular local concern. Even if there were problems with the former they would not have let us down so totally as the latter in fact did.

Second, never assume that the agent is necessarily looking after your interests. He may be, especially if they coincide with his own. Our agent was much more interested in getting his fee than in ensuring that our house was kept in the condition we would want.

Next, put your instructions to your agent whenever possible in writing. It seems that there is no standard contract between a house owner and a letting agent (as I have found in the past although I do not understand why), so have the next best thing, a written record of clear instructions.

Do not consider your tenants' convenience on any matter affecting your contract. A sympathetic reaction towards them will only weaken your case if in the end you need to go to court. Check your agent, the lease, your insurance, in fact everything to do with the house and its letting. You will not be able to cover every possible circumstance, but it is better to try. Finally, resign yourself to the fact that a clever and unscrupulous tenant who knows her, or his, way round the law and the local authority procedures will almost invariably have the upper hand. The law and the local authority are there largely to help the less fortunate, and the scales are nearly always weighed against the householder.

## The plight of the poor single parent

*London's one-parent families are trapped in a vicious circle of poverty and debt. **Alice Thomson** reports*

PATRICIA ALERT lives on the edge of a council estate in Archway, north London, on the top floor of a once genteel house now scrawled with graffiti. Her two-room flat has flowered brown carpets which are damp and curl round the edges of flaked magnolia-coloured walls. In the darkened sitting room, Leone, her daughter, is sprawled on her stomach staring at a large television.

"I wouldn't say I was really poor. I mean, I rent a flat and a video and I've got enough food, but it's an endless struggle," Patricia explains. She gets a grant of £4,300 a year as a student but has to supplement that by working as a receptionist every evening and as a librarian in any spare time. Leone's father left before she was born and contributes nothing.

The number of single parents has grown rapidly in recent years, with nearly a quarter of all children in the UK now being born outside marriage. Single parents are often unable to work because they cannot afford child minders. Theynow form one of Britains biggest poverty-stricken groups.

Patricia spent her childhood in a foster home and is determined that her own daughter will be properly cared for. She has gone back to college at the age of 30 to try and improve her chances of getting a qualified job.

Even with a total income of £8,000 from her work and benefits Patricia barely manages. She has to pay £40 a week for a child minder and still has to take Leone to work with her each night.

"My rent is cheap for London but is still £152 a month. Leone has to have a school uniform, and then there are shoes and coats . . ."

Expenses mount quickly with a young child. Her biggest problem is a £1,000 overdraft which she ran up while unemployed. "It's a vicious circle. My grant only pays off my overdraft so I'm always in debt."

Everything in her flat is secondhand. "I'd like a fridge so the milk doesn't curdle but that will have to wait. I haven't even thought about the poll tax." In Camden, it is £534.

Patricia very rarely socialises but once every two months she takes Leone to a cheap restaurant. "I do get depressed, especially when I think about people commuting to their country houses and going abroad on holiday. I just can't stop working. If I gave up one of my jobs I'd be stuck."

However, the stress of working every spare minute is hampering her chances of getting a degree and – more important – is putting her health at risk. She already has bad eczema and finds it impossible to relax. "You shouldn't have to kill yourself to bring up a child, especially if it means you're working so much you're hardly seeing her. I just want a job where I bring home enough for Leone without having to work 24 hours a day."

PATRICIA is almost wealthy compared with the many single parents who are living entirely on social security benefits.

"The last time I went out for an evening was five months ago. I never take public transport and I hardly eat, but I still can't look after my two children," says Nina Belgado, 21.

Nina lives in an isolated council estate about 15 minutes from Morden Underground station in south London. The litter on the estate has not been collected for weeks and there are constant complaints of rats.

"Even the children round here don't play on the estate. It's too disgusting." Inside, her flat is dominated by a television. It provides almost the only colour in her living room and is Nina's sole form of entertainment.

With unemployment benefit of £45.86 a week and child benefit of £19.50 a week, Nina should be able to scrape by. But like many people surviving on benefit, her past debts keep tripping her up. "I owe everyone. I owe British Telecom £410, £310 in rent and my electricity has been cut off because I owe £400." Court cases for previous non-payment of debts have already cost her £117. Most of these debts occurred when her boyfriend, who was employed, was living in the flat.

"I've never really come across anyone with mortgages and high-paid jobs but I'm sure they're happier. They can just go out and waste money. I only spend about £12 a week on food and I can't even buy clothes for the kids."

"I've got myself in a real mess but I can't see a way out of it. Now I might be pregnant again and there's no way I can afford another child." She has tried to talk to a social worker but says her hardship is not considered severe enough for counselling. "It's only when you start battering your children that people take any notice – and yet Samantha and Lauren are the only thing that keep me going."

## The great divide

IN THE eyes of many people in other parts of the country London is not only the capital of Britain. It is the capital of the Soft South.

A rapid growth of service jobs in the 1980s – including some glitteringly well-paid ones in the financial sector – helped insulate many Londoners from the unemployment which hit the manufacturing-dominated industrial regions. The north-south divide became an increasingly bitter talking point for those on the wrong side of it.

But which side of the divide is London really on?

In spite of the very real affluence of many parts of the capital, inner-city London has far more in common with deprived areas of the north than with the rest of the south. In fact, parts of London are more deprived than most of the north. Two London boroughs – Hackney and Tower Hamlets – head the national deprivation scales.

London's overall unemployment rate hovers undramatically around the $4\frac{1}{2}$ per cent mark. However, variations between inner and outer London are enormous. Inner-city Lambeth has more than 13,000 people unemployed. A few miles away, the far more advantaged borough of Kingston-on-Thames has 1,500.

When, in February, the Church of England produced a follow-up to its *Faith in the City* report it included a league-table of all the Anglican dioceses according to the proportion of their populations living in urban priority areas. The two London dioceses came top.

For visitors to London, the most visible manifestation of the capital's social problems is the large number of people sleeping rough in the centre of the city. London has 29,000 registered homeless and an estimated 2,000 people spend their nights on the streets.

Visitors are, however, less likely to see other manifestations of London's social difficulties. There are council estates around the city which health visitors, social workers and other professionals are apprehensive about venturing into alone.

In Tower Hamlets, a shortage of teachers prevents some of the borough's children from attending school. The same borough's large Bangladeshi community, like others elsewhere in east London, lives in fear of some of the worst racial harassment and violence in Britain.

A report this week on one family's experiences produced by a unit set up to monitor racial incidents in the neighbouring borough of Newham offers a description of London life which does not appear in tourist guides: "During five days the family were made virtual prisoners in their own home. They endured racist abuse, were threatened with pick-axe handles, knives and a garden fork as well as having two rottweiler dogs let loose in their garden."

London, like many large cities, has always had more than its fair share of social problems – people of all sorts are attracted to the capital, and this includes those who finish up sleeping rough or living in squats around the inner areas. Many advice workers feel the scale of London's social problems has grown in recent years and several explanations are offered for why this may be:

- Critics of the Government's removal of social security benefits from 16- and 17-year-olds say it has contributed to the number of young runaways who arrive in London sleeping rough, squatting and becoming involved in street crime.
- Inner-city London has a growing proportion of people who are likely to be disadvantaged and poor. These include members of ethnic minority communities – among whom unemployment is much higher than the white community – single parents and the elderly.
- Living in London is relatively expensive, and this is a particular burden on the poorest sections of the population in very low paid jobs or living on benefits.

Modern London exhibits extreme lifestyles – not only between the very richest and the rest, but between the typical majority and the very poorest. And, because London is a collection of big, separate villages, most people living in the more affluent areas see and know little about the capital's inner-city life.

***Alan Pike***

Eureka

# Computers for the commuter

DON'T throw away that pencil. At 25p, your HB is a remarkably shrewd investment when compared with the ultra-compact computers trying to oust it from society.

This is not a Luddite sentiment because the electronic gadgets are extremely useful in certain circumstances. Some, no bigger than a calculator, even promise to organise your life.

While these "palm-top" computers will help you remember your father-in-law's birthday and the appointment in Geneva on Tuesday, it must be remembered that they, like the pencil, are only tools. The skill of the truly organised is to determine where and when the complexity of an electronic organiser-cum-computer is better than the simplicity of pencil and paper.

Here are some first steps to help order your thoughts on whether you need an electronic replacement for your pocket diary. Much depends on what you do and how much back-up you have. The accompanying table will indicate if you need to read further.

If you love gadgets and are what marketers call an "early-adopter" then buy the smallest and most complicated organiser as soon as possible. It will make you very happy. But if you hate fiddly electronics, such as the video timer, than keep away. Remember, you will have to invest considerable time to learn how to use the machines.

Over the past 18 months a stream of electronic organisers and compact portable computers have joined the so-called lap-top models on the shelves. These gadgets can be divided into two main groups: pocketable organisers or "palm-top" computers and portable computers.

Organisers resemble big calculators. They have a small screen, which displays figures and a few words, and a keypad. Longest-established and best-known is the UK-designed Psion Organiser. It fits into a big pocket and can be used as a diary, to store contacts and as a programmable calculator. This means it can be programmed to work out specific calculations peculiar to your needs, such as mortgage repayment rates. The Psion will also swap information with an IBM-compatible desk-top computer.

**Would you benefit from a small computer**

| | |
|---|---|
| Entrepreneur | Maybe |
| Manager with sec | No |
| Manager without sec | Maybe |
| Secretary | Maybe |
| Salesperson | Yes |
| Travelling consultant | Yes |
| Professional | Maybe |
| Writer | Maybe |

Similar machines are made by, for example, Casio (SF7500), Tandy (EC-319), Microwriter (Agenda), Sharp (IQ7090) and Electrodex. Prices range from £100 for the Electrodex to £200 for the Agenda. Versatility is roughly in line with price.

Benefits: Most organisers are powerful calculators. They are also extremely effective stores for contact lists. Names and associated details (telephone numbers, addresses and comments) can be entered at random and recalled simply by typing in a keyword. For example, you meet someone useful in plastics at a conference. You type in details from his card and put in the comment "plastics." A year later you have forgotten his name but you simply type in "plastics" and all the relevant names appear on the screen.

Organisers can also carry price lists and similar information that needs to be updated regularly. This data can, in some cases, be "downloaded" from a bigger computer or stored on a chip which is then inserted in the organiser. This is why some travelling representatives find the gadgets really useful.

**Problems**

The main drawback with all pocket organisers is their fiddly keypads. Most are arranged in alphabetical order with small keys placed close together. This makes it difficult and tedious to type in lists of contacts or to make a diary note direct from the phone. The problem is worse if you are used to typing on a conventional "qwerty" keyboard because the alphabetical-style layout puts the keys in a different order.

Two manufacturers, Atari and Agenda, have attempted to solve this problem. The Agenda offers an alternative five-finger keyboard which is operated by one hand. The idea is based on the way fingers form chords on a guitar. The entire alphabet can be written by pressing one or a combination of keys.

This is not as daft as it sounds. Five-finger typing is quite easy to learn (I've done it) if you are determined to learn. Once mastered the Agenda becomes a wonderful writing tool because notes and letters can be written anywhere, even in, say, dark conference halls.

Atari has tried a more conventional solution. It's Portfolio opens like a clam to reveal a screen and a small keyboard in the conventional "qwerty" layout. This solves the problem for hunt-and-peck typists but the keys are too close together for touch-typing.

The Portfolio is also about twice the size and price (£250) of the pocketable organisers. It sits rather uncomfortably between the organisers and the bigger fully-fledged lap-top computers.

**Lap-tops**

Portable computers that rest on your lap are well established. They are used, mainly by industry, to collect data or provide portable computing power outside the office. Some peripatetic managers find lap-tops useful because they combine the benefits of pocket organisers with computing power normally found in the office.

Makers of portable computers have followed two trends. First, to make the lap-tops ever more powerful and versatile. It is now possible to buy, at some premium, a model equal to most desk-top machines, with hard disks and the latest fast chips.

But these machines are heavy, use a lot of power and are extremely uncomfortable on your lap. Consequently, the second trend has been towards lighter lap-tops that still offer full-sized keyboards, large screens and all-round computing power for those who really need to travel with a machine.

Some established manufacturers, such as Zenith and Toshiba, have produced lighter IBM-compatible machines with disk-drives. But Psion, for example, has with its innovative MC models, dispensed with conventional drives and replaced them with a device called a Flash Eprom. Instead. This is an electronic card that stores your data. When full, the information is either printed or transferred to a desktop machine and the card wiped clean.

While the MC will swap information with desktop machines it is not truly IBM-compatible, as are most lap-tops. This means, for example, that the machine will not run the same software as an IBM-type desktop nor will it read disks prepared on desktop computers.

To get this compatibility you have to be prepared to carry a lot more weight and pay a big premium. For example, the basic MC 200 costs £540 (ex-VAT) while the powerful and fully IBM-compatible, but heavy, Epson PC AX Portable with a 20 megabyte hard disk costs £2749 (ex VAT).

So, should you dispense with the HB? Most people still prefer the familiarity of pencil and paper. And it is, after all, so much easier to use than a pocket organiser.

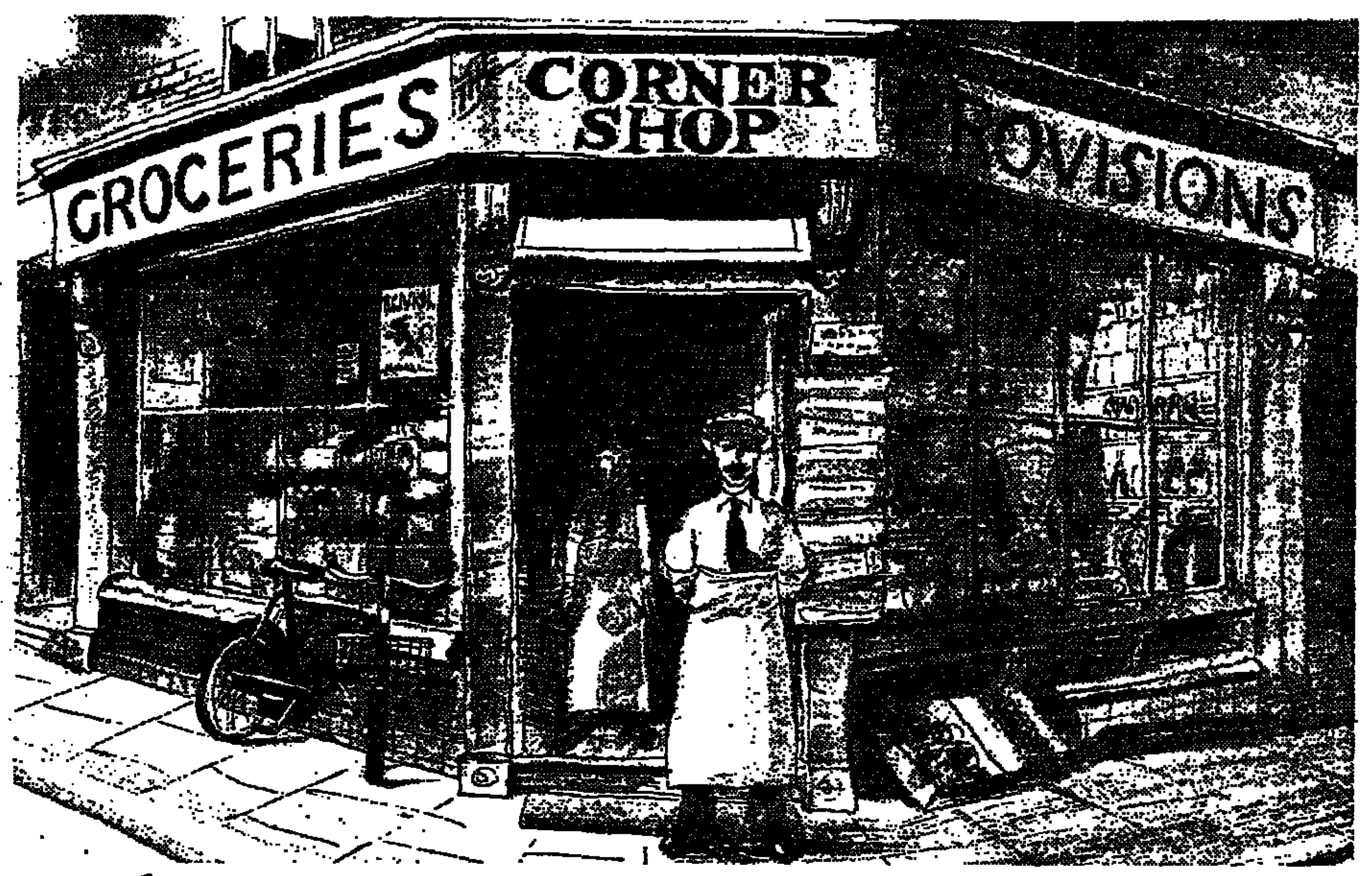
But if you don't have a secretary, travel a lot and you're bold enough to learn how to use new organising tools, then try these gadgets. You'll need a lap-top to write letters, otherwise the palm-tops will do the job.

The organisers and the lighter lap-tops work better when their particular strong points are combined with a desktop computer . . . and probably a pencil too.

***Peter Knight***








# The great stores sell-out

*Whatever happened to the corner shop? **Lucia van der Post** muses on the state of retailing today and calls for a return to service culture*

IT'S NO SECRET that retailing in the UK is in a state of disarray. Everywhere the shops that grabbed the headlines, our money and our attention in the booming '80s are ailing. Storehouse, Next, Dixons, Lowndes/Queensway, Laura Ashley: the litany is long and sad. Profits are down, pundits are gloomy.

Well, somebody forgot to tell the people of Camberley in Surrey. When I went there to cast an eye over Marks & Spencer's latest out-of-town venture — all 70,500 square feet of it — the tills were trilling out a song to gladden the heart of all M & S shareholders. It was all spend, spend, spend, buy, buy, buy, as if thousands of East Germans had been bussed in and let loose with fistfuls of hard currency. Only the crowds weren't East Germans. They were the sober citizens of Camberley and its environs, who presumably have come across decent merchandise before.

Now, Marks & Spencer is a lovely chain. I shop there all the time. My friends have often complimented me on my nifty way with a packet: salmon en croute, chicken tikka, artfully mixed salads of arugula, oak leaf lettuce and frisée, smoked salmon pate — there is nothing I can't turn out and put prettily on a dish. I wear their knickers and their sweaters and my husband wears their shirts and chinos. As Richard Hyman, retail guru of the Verdict retail consultancy, puts it: "They are the best retailers in Britain . . . as good as any in the world."

And yet . . . something about the sheer size and professionalism of the enterprise made me stop and think. There was nothing they hadn't done, nothing they hadn't thought of.

What, I wondered, will the good people of Camberley do in the years to come if they want a butcher to bone out a leg of lamb? Where will they go for just a pint of milk and a loaf of bread? (They will probably do what a colleague did last week — pop in to a supermarket for a loaf of bread and a pinta, and emerge an hour and a half and £120 later with three city shirts, two silk ties, some sweaters, assorted bits and pieces, a bottle of pink champagne, and, yes, luckily he did remember the loaf and the pinta.) What will happen to all the small shops? Where will they find the odd packet of nails? Where will they exchange chat about their holidays, complain about the weather and generally engage in the age-old activity known as social intercourse?

Nobody can complain about the merchandise itself, about the endless variety and choice . . . you ask for it, somebody will already have thought of it. Not even the meanest high street is short on designer frocks, marinated kebabs with satay sauce and expensive bibelots. In most small towns you can change money, buy a house, make a will, find a gift, order a new kitchen and probably get your hair done. But what you often can't do is pop out for just a pint of milk, a loaf of bread or a piece of freshly-sliced cheddar.

It seems to me that all sense of proportion has been lost. The human soul needs a sense of scale in order to flourish. As the out-of-town shops get bigger and better they become too important; they eat up more of what is not rightly theirs. As our cities have grown too big to be agreeable to live in, so have some shops grown too big to be agreeable to shop in. Going into one so often seems like a physical endurance test. The exit doors seem a lifetime away. "When, oh God, can I get out of here?" I think as I trundle my trolley round.

Of course, those who run the big chains are clever people, and decent too. They have families to tell them what's what and to query the necessity of traipsing through reams of purple cardigans just to buy a can of beans. That is why the biggest and cleverest of them all, Marks & Spencer, while opening more giant out-of-town shops on the one hand, has also perceived a need for a more user-friendly food shop with its smaller, stand-alone food shops. Over in the US, the taste for smaller neighbourhood shops is growing apace.

If I had anything to do with retailing I would direct my efforts to service, service and yet more service. We are, as a country, over-supplied with retail space. To put it simply . . . there is no longer enough cash to go round. As merchandise everywhere gets better what is going to make customers go to one store rather than another? Stores that can make shopping seem like fun, that's what. And if not fun, at least *easier*. The day I can go into a supermarket, find the merchandise I want, a check-out till without a queue, roomy aisles, easy-to-wheel trolleys, a check-out till where I don't feel I'm holding up the hard-pressed mother with the screaming toddlers while I pack the goods and search for my chequebook and, above all, find somebody who will either carry the whole caboodle back to the car park or — better still — deliver them to my door . . . I just might burst into tears with gratitude.

Provisioning the family started out as a chore. It developed into a social pleasure as market places became convivial places in which to meet and do business (think of the Roman and Grecian markets, of how agreeably scaled they were, what charming places to do a bit of bargaining as you took a glass of wine) and now the cycle seem to have come full circle as so many of us seem to find it has become a chore again. Do *you* know anybody who goes shopping for pleasure, who sees it as a lingering, luxurious outing to be savoured and enjoyed?

All this has set me thinking. I've got a great idea for an avant-garde new niche chain. I'm going to call it The Corner Shop. Only brown paper and string will be used for wrapping things. The floor will be plain wood and there will be great big sacks of flour and sugar and rice and a pair of scales for weighing things. It will sell really good bread and fresh milk, with a marble counter for the country cheeses and creamy butter.

The counter will be manned by a friendly soul who will know your name, greet you cheerfully, tell you how the new young marrieds down the road are settling in and maybe let you buy a pint of milk on tick. And if you want something that isn't there he won't say "There's no call for it," but rather "I'll order it for you now." And — oh joy! — there will be a cheery young boy with a bicycle who will bring everything to the door. So watch out Sainsbury, Argos, Marks & Spencer, Tesco et al — The Corner Shop is coming!

# Shoes for high-steppers

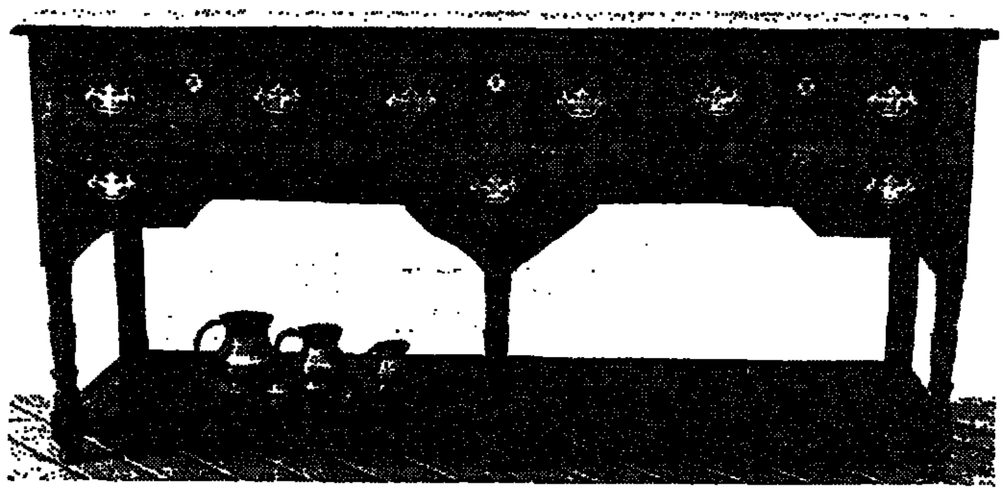
**JOHNSTON & MURPHY shoes are to American feet what the Brooks Brothers shirt is to the torso — part of the classic WASP uniform. Made only from finest leathers, there has hardly been an American *president* who didn't own a pair of these famous hand-crafted shoes. Those who read Tom Wolfe's *The Bonfire of the Vanities* will remember that when Kramer, the district attorney who worked in the Bronx, crossed over the river he made sure he was wearing his Nike trainers. "On the subway in the Bronx, a pair of Johnston & Murphy leather business shoes labelled you as a prime target right off the bat. It was like wearing a sign around your neck saying *ROB ME*."**

**Now you can buy Johnston & Murphy shoes in a few selected stores in Britain. This should be of special interest to those who have trouble finding shoes that fit comfortably, because one of the great advantages of the collection is the range of sizes on offer — from AA to EE and sizes from 8 to 11½ (anybody going to the US might like to know that over there they offer widths from AA to EEE, sizes 5 to 15).**

**In the US — where photographs of previous American presidents' footwear in all J & M shops emphasise the air of establishment approval — the hand-made shoes are top of the range. Status-conscious Americans wait for up to 12 weeks for a pair of these and seem happy to pay between $1,000 and $3,000 for the privilege.**

**In Britain there is now a fairly limited choice in the hand-finished (but not completely hand-made) range. Styles focus on classic numbers like the Ski-Moc, sketched left, a perfect soft loafer or slip-on, (£130) and the Bellwood 11, sketched right, a good traditional business shoe, (£260). So far the shoes are only available at Brown Thomas of Grafton St, Dublin and Footloose at 164, Fulham Road, London SW10, but even as I write the number of stockists is growing. For further information ring 01-224-2948.**

James Ferguson



# The heart of repro England

**NOW THAT owning authentic antiques is fast becoming a luxury few can afford the word "reproduction," once thought nasty and rude, has become respectable at last. Those looking for furniture are at last getting a better deal and a wider choice. Creative young designers are giving the term "modern" a new lease of life with a fresh approach to furniture, but there are also many craftsmen working within an older tradition and offering an alternative: finely made, properly proportioned, honest reproductions.**

**Take, for example, Laurel Bank Oak Furniture. Started about 14 years ago in a village near Chester, Laurel Bank, as the name implies, uses only good, solid English oak. It produces traditional furniture — refectory tables, gatelegged tables, ladderback and other chairs, bookcases, lowboys and coffee tables. However, the stars of the range, in my view, are the dressers and dresser bases. All the pieces are made by craftsmen and each tries to make them as authentically as possible, with mortice and tenon joints, pegged with hand-cut oak dowels.**

**Authentic English oak antique furniture now sells for astronomical sums — indeed, the dresser base photographed above was made for a customer by Laurel Bank for £1,340.**

**A leaflet featuring the standard range is available from Laurel Bank Oak Furniture, Crewe Hill Lane, Farndon, Chester CH3 6PD, (tel 0829-270704), but Laurel Bank also does many special commissions. To give an idea of prices, a small lowboy is £880 and a North Wales Dresser is £940 to £1,160, while a Shropshire Dresser (with more intricate detailing) is £2,095 and ladderback side chairs cost £218.**

# CHESS

ONE OF the discussion points among chessplayers is the likely effect on the Soviet Union's pre-eminence if the current wave of nationalism leads to a political break-up of the USSR. With only a few brief intervals, the Russians have enjoyed a monopoly of important individual and team championships — world, European and olympic mens and womens titles — since the late 1940s, a phenomenal era of supremacy for any sport or game.

Their world champions have included the Latvian Tal, the Armenian Petrosian, two Georgian women, and now the Jewish Armenian Gary Kasparov. Kasparov has already declared that he will not play team chess in future, and acted on his word in the recent Visa — *IBM summit* match in Iceland. The style and content of his recent interviews in media so disparate as Playboy and the Wall Street Journal have an increasingly political emphasis with a stance somewhere to the radical side of Boris Yeltsin.

Even on a worst case scenario, however, the USSR chess team is likely to remain the world's strongest. Assume that by 1995 the Baltic and Caucasian states and the Ukraine are all independent, the core of Soviet grandmasters would still include Karpov, Yusupov, Dolmatov, Sokolov and Gelfand, with departed players split among several new countries. There would be significant losses in the area of rising talent — Gata Kamsky, 16, has already emigrated to the US and has two grandmaster norms, while the Latvian Alexei Shirov, 17, has qualified for the GM title with a brilliant style reminiscent of the young Tal.

Any weakening of the USSR position through geographic change would have a certain poetic justice in that it was the territorial adjustments of the 1940s which tipped the balance and put the USSR ahead of the United States players who dominated the team olympics of the 1930s.

Paul Keres, the then main rival to the Russian Botvinnik for the individual world title, was an Estonian who after the Nazi occupation of his country competed in 1941-43 in German and Polish tournaments. When the Red Army reoccupied Estonia in 1944-5 Keres was spared from death or a labour camp by agreeing not to hinder Botvinnik's campaign for the championship.

Just what this agreement involved has never been made clear, but many thought Keres played strangely against Botvinnik at the 1948 world championship and in other events. Keres lost four straight to Botvinnik in 1948, but won their fifth game in good style when Botvinnik was already sure of the title. This pattern, Keres only winning from Botvinnik when it did not affect the final outcome, continued till late in their careers.

At the final banquet of the 1954 Amsterdam olympics Keres came for a few minutes to sit and chat at the England team table. With the insouciance of youth, I asked him bluntly "why did you do so badly against Botvinnik in 1948?" Keres, who rarely departed from a calm exterior, replied "Anyone can lose to Botvinnik, he is a very strong player", and any further probes were discouraged by the senior England masters Alexander and Milner-Barry (both ex-Enigma code breakers) who coughed deprecatingly and switched the subject.

When Keres died in 1975, his funeral was attended by tens of thousands of Estonians who remembered the peak of his career at Avro 1938 when their country was still independent. Currently Estonia has its first world class player since Keres in Jaan Ehlvest, 27, who scored his best result so far earlier this year in Italy, first prize ahead of Karpov and Ivanchuk. Perhaps significantly, Ehlvest was a conspicuous absentee from the USSR team later in Reykjavik.

This week's game shows his dynamic style, with a knight sacrifice followed by a double rook offer such as Keres also liked in his youth.

White mates in two moves, against any black defence. This week's problem is the first stage in the annual Lloyds Bank British Solving Championship, an open-to-all contest to find the country's best solver.

White: N. de Firmian (US). Black: J. Ehlvest (USSR).

Sicilian Defence (Reggio Emilia 1989-90).

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 d6 6 f4 Be7 7 Qf3 O-O 8 Be3 e5 9 Nf5 Bxf5 10 exf5 Qa5 11 g4?

This premature attack is already the losing idea; better 11 O-O-O.

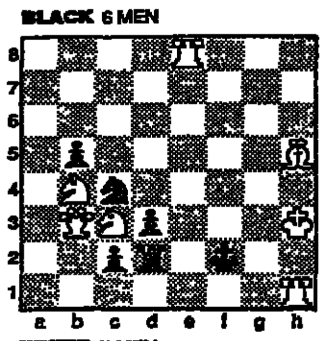
11 ... e4 12 Qd1 d5 13 g5 Nc6 14 gxf6 Bxf6 15 Qd2 Bh4+ 16 Kd1.

White's problem is that the natural 16 Bf2 fails to e3 17 Qxe3 Rfe8.

*16 ... d4 17 Nxe4 Qxf5 18 Ng3* Bxg3 19 hxg3 dxe3 20 Bd3 Rad8 21 Qc3 Qe4 22 Rg1 Rxd3+! 23 cxd3 Rd8 24 Kc2 Rxd3! 25 Qxd3 Nb4+ 26 Kc3 Nxd3 27 Resigns.

PROBLEM No. 817

BLACK 6 MEN



WHITE 7 MEN

Readers who solve this tricky puzzle correctly (last year nearly 50 FT entrants did so) qualify for a harder postal stage, followed by a final in London in January 1991. The eventual winner will receive £150 plus an invitation to represent Britain in the 1991 world solving championship. There is a special overseas section conducted entirely by post, with £50 for the winner.

To solve the puzzle, simply send White's first move in any recognised notation to Lloyds Bank Chess, 76 Lambscroft Avenue, Mottingham, London SE9 4PB, marking your answer 'Financial Times'. Entries must be received by 30 June.

***Leonard Barden***

FOOD & WINE

# Bubble pops for champagne cartel

*George Graham reports on developments which might force up the price of the top crus*

FORECASTS OF frost are usually quite enough to keep champagne producers awake at nights. This week, however, they have had more to worry about: the breakdown of the contract between growers and merchants that has ruled the champagne market for the last 30 years.

"Everything now suggests that we will have to pay much more for our grapes this year, and that will eventually end up in the price of our champagne," warned one merchant in Reims, capital of the Champagne region.

Tension has been building for years between the merchants – big houses such as Moët et Chandon or Laurent Perrier who generally own only a few acres of vines and have to buy in most of the grapes they need – and the 19,000 growers, who are producing increasing quantities of champagne under their own names or in co-operatives.

The relationship between them has been regulated since 1959 by a series of contracts. The last, running from 1984, laid down the conditions for grape supply agreements between individual vineyard owners and merchants, limiting merchants' grape entitlements to a certain percentage of their sales in the previous year. It also fixed a system for indexing the price of grapes at each harvest, and safety valves in case of either a shortage or a surfeit of champagne.

In the last contract period, growers undertook to sell 47 per cent of their grapes to the merchants. This time, trying to negotiate a new six year contract, they undertook to sell only 42 per cent of their grapes – an offer which the merchants rejected as inadequate.

"We need undertakings of around 55 per cent to reach a balance between supply and demand for the merchants. This contract would have covered only two thirds of our grape requirements, and we would have been obliged to subcontract a large proportion of our production to the co-operatives. Madame Veuve Clicquot could not tolerate that," said Joseph Henriot, chairman of Veuve Clicquot-Ponsardin.

"The contract was wonderful so long as there was a balance between supply and demand, but when we moved away from a balance, the contract did more harm than good," Henriot added.

Both sides, under the watchful eye of the French government regional prefect, have been at pains to avoid the impression that Champagne will now move totally into a free market, but the fact remains that grape prices this season will be freely negotiated. Growers and merchants are now trying to negotiate a more liberal framework to stop competition run riot.

"No-one would benefit from anarchy," said an official at Moët et Chandon, the largest champagne merchant with around 11 per cent total market share.

The talks centre on preventing merchants from buying all the top quality grapes from areas such as the Cotes des Blancs or the Montagne de Reims. Merchants' grape entitlements are still likely to be linked in some way to their sales, and there is also likely to be a limit on the proportion of the top crus they may buy.

Nevertheless, these premium grapes are likely to rise sharply in price this year.

"It is very probable that the best will become considerably more expensive, but the average may stay the same, and the worst may even fall in price," said Thierry Montoux of Champagne de Venoge.

"It is clear we will have to pay much more for our grapes this year than we had been budgeting on last year," said Michel de Nonancourt of Laurent-Perrier, the largest of the champagne houses still in family hands.

One way or another, the breakdown of talks on the contract seems likely to push up the price of a bottle of champagne over the next few years.

Last year, producers warned that champagne drinkers were pouring more of the precious liquid down their throats than could be produced by the vineyards, which are limited to an area strictly defined by law. Prices climbed, and some merchants warned that they might ration supplies.

That warning proved to be overpessimistic, for 1989 at least. The summer produced a good crop equivalent to some 235m bottles, and an exceptional late ripening added another 40m bottles, one of the largest and finest crops in many years, and 10 per cent more than total sales last year.

Faced with an explosion of demand at the end of the year in the French market – which still accounts for over 60 per cent of champagne sales – many houses have already put up their prices this year. A free market for grapes seems likely to bring further rises in the next few years, while Champagne settles into its new arrangement.

Trevor Humphries

**Werner Krattiger gets some help to decorate a chocolate bunny**

# Chockfull after a perfect meal

*Nicholas Lander visits a chocolate manufacturer par excellence*

TO ANY discerning customer, restaurateur or chef the end of the meal is as important as the welcome through the door. It is the last impression customers take away with them and therefore a vital ingredient in whether they come back. It is also the prelude to the bill. The coffee and tea should be excellent but this stage of the meal does allow any restaurant to show its generous nature.

The generic term for such offerings, "petits fours", dates back to the 15th century when ovens were brick, and small items had to be cooked "a petit four" (i.e at a very low temperature) after large cakes had been taken out and the temperature had dropped. *Larousse Gastronomique* lists three types of "petits fours" – plain, dry biscuits, such as "tuiles" and "langues de chat",fresh "petits fours" such as miniature tartlettes and savoury "petits fours" now more commonly known as "amuses-gueules" and served at the beginning of the meal.

Whatever their original purpose "petits fours" now provide the kitchen with a unique opportunity to show off. Any dish from the menu could be cooked at home with a great deal of time, skill and effort but a silver tray packed with small delights seems to bring gasps of delight. This final act also keeps a restaurant's pastry section busy during the late afternoon and early evening.

Quality is surely more important than quantity. Aside from many restaurateurs' natural generosity, part of this overkill may stem from their inability, for a number of reasons, to sit down and eat in their own restaurants – they are just not aware of what they are asking of their customers. There are however notable exceptions. The fudge at the end of any meal at Gilbert's in South Kensington (Tel: 01-589-8947) is wonderful and is in fact based on a recipe from the chef's grandmother. Even more spectacular is the small individual sorbet covered in chocolate offered by Bruno Loubet, chef at the Four Seasons, Inn on the Park (01-499-0888). Both are memorable for their quality and the restraint with which they are offered.

Many chefs may not be as fortunate in their grandmother's culinary skills or the size of their pastry sections, but there seems no reason why a chef should not offer one good chocolate – truffle, mint or wafer – with the coffee. And certainly no-one would refuse this offer if they had spent an afternoon, as I did, in the St Pancras Commercial Centre in Camden Town, London.

The setting might not sound romantic (their other factory is in Hackney) but it is in fact home to Ackermans Chocolates, producers of the finest chocolate in this country. The business was started in 1945 by Mr and Mrs Werner Ackerman, refugees from Berlin, and production rose to 100 kilos a week of handmade chocolates sold through two shops, one in Kensington Church Street now closed and their remaining shop in Goldhurst Terrace, NW6 (tel: 071-624-2742). Their original customers were other German speakers, and although you no longer have to speak German to work there, at least 10 per cent of their customers still order in German.

Ackermans began to change in the early 1970's with the arrival of Werner Krattiger who in 1978 eventually bought the company. He trained in Basle, Geneva and Lausanne as a patissier/confiseur and first worked in England for British Rail.

Krattiger's impact can now be seen in the company's product range – more than 100 different items from chocolate crocodiles to chocolate hearts – and its investment in technology, but its commitment to quality has not changed. He painfully remembers hand rolling an order for 50lbs of truffles after joining the company and promising himself it would not happen again.

To make truffles using the finest machinery – and Krattiger swears he cannot tell the difference between machine and hand made truffles – requires considerable capital, a minimum of SFr 250,000 will buy you a filling machine, a vibrating table and an enrobing machine to coat the chocolates. This investment allows him to produce up to 2,000 kilos per week in each factory and truffles with 14 different fillings and flavours.

The chocolate itself he buys mainly from Callebaut in Belgium and some of the milk chocolate from Lesme in England. A cartel among Swiss chocolate manufacturers makes their prices prohibitively expensive but Krattiger now thinks that his supply of plain chocolate might be just as good as the Swiss. Aware of the low price of cocoa on the international market – it is currently recovering from 14-year lows – he does not believe that any self-respecting producer of chocolate has any reason to use anything but the best.

This policy has seen Ackermans sales rise to £750,000 a year and an impressive list of customers. More than 50 per cent of his sales are in fact "own-label" – something which worries the company's accountant more than Krattiger – but he can count Harrods, Selfridges and the Royal Opera House among his better-known customers. Restaurant customers include Brinkleys, Menage a Trois and Blakes *Hotel, but he will not* change his policy and employ any salesmen. He does however seem at his happiest talking to his customers, present and future, about his chocolates on the telephone.

Throughout our interview customers kept on phoning with orders for the week before Easter. Although demand is healthy throughout the year there are three highspots.

The first is Christmas, when the demand is for boxes, champagne truffles and novelty gifts for which Krattiger has created his own mould of a crocodile and a hippopotamus.

The second is Valentine's Day. Demand has grown from nothing in the past 10 years and keeps his staff of 25 busy for three weeks in January filling at least 5,000 chocolate hearts with truffles.

Easter and the week before it is, however, boom time. Discounting the small unfilled animals, about 15,000 filled eggs and a further 15,000 filled rabbits will leave Camden Town before Easter ranging in size from ½ lb to 4lb and in price in the shop from £7.95 to £44. Attention to detail extends beyond the quality of the chocolate and the mould to even the ribbon, which is of a better quality satin than could be found in many haberdashers.

Krattiger's personal commitment to only offering the best owes a lot to the fascination of chocolate itself. He admits he is addicted to it. He also understands its fascination for children. On his office wall are two framed sets of thank you letters from seven-year-old children lucky enough to have visited his factory and twice he has made special moulds for 5ft Easter eggs to raise money for charity.

Krattiger is not the only adult to have kept his fascination with chocolate – Studley Priory Hotel, in Oxford, (tel: 086-735-203) has held two weekends especially for "chocoholics." One, or maybe two, of Ackermans chocolates with the coffee would soften any restaurant bill and make the prospect of a return even more enticing.

## War booty

**Prices at last Monday's auction of wines from the Massandra Collection of Crimean wines at Sotheby's totalled a respectable £655,000. Bottles embossed with the Imperial double-headed eagle were particularly popular with a private Swiss buyer who paid the highest prices of the sale, most notably a lot of two bottles of 1891 "White Port" that went for £3,190 each. The previous record price for port was a bottle of the 1931 Quinta do Noval sold for £1,250.**

Cookery

# How to eat the Easter bunny

CHOCOLATE Easter bunnies are not my scene. I prefer my rabbit to be meaty. I like the fact that rabbit is light and white. I appreciate its healthily lean, low-cholesterol image and I find its chameleon-like quality appealing. Few other types of meat so readily assume whatever flavours the cook cares to lavish on it, or seem so willing to be conjured into lightweight dishes and rib-sticking puddings with equal aplomb. Such versatility is just what is needed at this time of year, when the weather can leap from winter to summer and back again within a week.

At the time you shop for rabbit a good warming dish may seem essential. Maybe you plan a goulash of rabbit with cabanos, tomatoes, paprika and caraway, to serve with buttered noodles and soured cream. Or rabbit braised in red wine with a slurp of fruity Tuscan olive oil, a curl of orange peel, sprigs of rosemary and a handful of black olives, to serve with slabs of polenta.

Perhaps an English stew, pudding or pie is more to your taste: laced with onions and thyme, and buttery lemon and parsley forcemeat balls. Or rabbit cooked in the Franco-Scottish manner: dusted with oatmeal, simmered with onions in creamy milk, sauced with a soubise-like puree made by processing the milk and onions at the end, and served with bowls of fried breadcrumbs for contrasting crunch.

If rabbit is young enough it can simply be roasted or grilled: dipped in olive oil or clarified butter, spiked with garlic and herbs and cooked very quickly to keep it juicy and succulent. It is delicious served on a bed of lentils stewed with a little celery or Florentine fennel.

My favourite rabbit paté for fine-weather eating is perfumed with the clean woody tang of juniper and sharpened with lemon. This looks and tastes best cut into slices and served with an accompanying splash of verdant parsley vinagirette; and it is elegant enough for a lunch party, when I might also offer a salad, and a few new potatoes.

On the other hand if the weather is gloomy, comforting rillettes of rabbit and pork would be much more welcome. Spoonably soft and rich, this one calls for lots of hot fresh toast.

However fine the days may be, at this time of year the evenings are liable to be cool, so this Easter I shall not tempt fate by planning summery dinners. We shall dine on a casserole of rabbit with spices and prunes that is neither heavyweight nor featherlight. The idea of adding to the casserole just before serving a little gingerbread (which I associate with medieval cookery) and a square or two of chocolate (a Mexican touch) was gleaned from fellow food writer Michael Raffael. It sounds a bit odd, but neither ingredient is evident as such and they round off the dish well, thickening the sauce slightly and giving it a glossy finish. It seems that I approve of chocolate rabbits after all.

**RABBIT WITH GINGERBREAD & PRUNES**
*(serves six)*

This is not an onerous recipe. The ingredients are packed into a casserole raw and left to cook gently for several hours, needing only the occasional glance, prod and addition of an extra ingredient. For best results though, I think it is worth cooking this dish a day ahead of serving.

**2½ lb rabbit joints; enough lean end of belly of pork to yield 1 lb of flesh after boning and skinning; 2 smallish onions; 1 dozen prunes; a small bottle of Bulmers no. 7 (or other very dry cider) plus stock to make ¾ pt liquid in total; 2 bay leaves; a little each of sugar, ground ginger, cinnamon and allspice; 2 oz gingerbread or pain d'epice; generous ½ oz plain dessert chocolate.**

Chop the onions and put them into a flameproof casserole. Mix together one teaspoon of caster sugar with half a teaspoon each of ground cinnamon, ginger and allspice. Dust the rabbit joints with the spicy mixture and lay them on top of the onions. Sprinkle on a little salt and pepper, add the bay leaves and the pork meat, cut into cubes.

Bring the liquids to the boil and pour them into the casserole. Press the ingredients down into the liquid as much as possible with a potato masher and cover with the pork skin, laying it rind side up. Add the lid and put the casserole into an oven heated to 325 F (160 C) gas mark 3. Cook for 1-1¼ hours, depending on whether you are using farmed or wild rabbit.

Add the prunes, burying them here and there between the rabbit joints. Cover with the pork rind and lid again and return the casserole to the oven. Reduce oven temperature to 300 F (150 C) gas mark 2 and cook for a further 2-2¼ hours until the meats are beautifully tender. (If in doubt I overcook rather than undercook. The prunes may begin to disintegrate but never mind; casseroled rabbit seems best when the meat is so tender that it falls clean from the bone when put to the knife).

When the ingredients are cooked to your liking, discard the pork rind and bay leaves, lift the meats and prunes on to a plate and keep them hot while you make the sauce.

Put the casserole over a moderate flame, bring to simmering point and stir in the finely crumbed gingerbread. When the crumbs have been absorbed and have thickened the liquid, reduce the heat to very low. Add the chocolate, broken into small pieces. Stir until melted and the sauce looks glossy.

Check seasoning, return the meats and fruit to the casserole, and serve – with boiled potatoes, ribbon noodles or rice or some other grain.

*Philippa Davenport*

# Property

## The price might be right

*Audrey Powell on the lure of an investment in Portugal*

THE PORTUGUESE, undergoing a credit squeeze, are still being discouraged from their own property market. So it is a good time for other nationalities, who can make less onerous financial arrangements, to take a look at what is on offer.

Last year Hamptons International estate agency in London formed a Lisbon subsidiary (Hamptons Somei), which covers the capital and surrounding areas.

Through this office the company has been getting the feel of the market and the parent company's director Stephen Perks says he sees Portugal becoming "an increasingly important investment destination within Europe, both in the commercial and residential fields."

The present growth of the Portuguese economy was proving a sound basis for optimism in the country.

While Lisbon, as a major European capital, has not yet shown the spectacular growth witnessed in neighbouring Spain, there are indications that it will follow a similar path to that of Madrid's financial expansion of the last five years. A pointer to the trend is the movement of many of the country's state banks towards privatisation.

"This will result in the disposal of a number of their commercial portfolios, which currently show excellent investment potential."

Possible investors might also note the extensive road infrastructure, linking Lisbon with the more important coastal areas, such as Cascais, due for completion in 1991.

For those interested in the capital itself, the Lisbon office recommends three residential districts for study.

Lapa, with southerly views over the river Tagus bristles with palaces, *palacettes* and *casas nobres* (noble houses), often surrounded by parks and gardens.

The area could be best equated to London's Belgravia – a base for embassies and homes for the wealthiest Portuguese. It is the priciest spot in Lisbon, where a refurbished two-bedroom apartment could cost £200,000. (In contrast was the poorer sector of Lapa Coin, on the edge and closer to the river, known for its fishermen's houses and cobbled streets. This should be watched as an up and coming area).

The second district is Chiado – the hub of Lisbon's trade during the 16th century. Sadly many of its old buildings were destroyed in a big fire two years ago. But the local authority is supervising a programme of restoration and redevelopment.

As a result of the devastation there were a number of commercial and residential opportunities in Chiado.

Thirdly there is Castelo; the oldest part of the city, around the medieval castle of Sao Jorge. For centuries the city was confined within the walls of the castle, made up of cobbled streets, archways and tunnel-like pathways.

There are many beautiful houses to be found there today, with palaces and gardens often totally camouflaged by surrounding lower-built dwellings. It could be compared to Paris's Montmartre, full of small restaurants and cafés. Houses or apartments to refurbish could be bought there from £150,000.

There are places beyond the city and, particularly, towards the coast, where there are a rich choice of established properties and some smart new developments, awaiting buyers who can cope with Portugal's interest rates rate of inflation.

The Arabic-style palace in Sintra: needs restoration. Price £1m

Estoril has its beaches, palm-lined avenues and sumptuous villas that housed demoted kings earlier in the century. It boasts luxurious hotels, two golf courses and the largest casino in Europe.

Cascais, a former fishing village, now has fashionable resort status. Sintra, another picturesque town in the hills, 15 miles from Lisbon, has its large pink-roofed properties hidden among trees, secluded yet not isolated, and many are on the market.

Among the less conventional opportunities in the Sintra area is an Arabic-style pavilion-palace. It has columns and key-hole shaped windows and a facade decorated with horizontal stripes. It stands in four acres of lush gardens with a lake. But the building is in effect a shell. Much of the interior was ripped out prior to refurbishment, which never took place when the revolution of the mid-1970s intervened. The owner is seeking £1m.

Quite different is a country retreat near the sleepy village of Colares, created by an artist and a sculptor from the ruins of a Carmelite monastery. The property is reached by a rough winding road and has sweeping views over the surrounding hills. There is a drawing room, sitting/dining room and picture gallery, and three bedrooms. Within the three-acre grounds are a studio, swimming pool, and a glass canopied hot-house with a "roman" bath filled by water from a spring that runs through the gardens. Guide price is £440,000.

Those who like their houses to conform might prefer something in one of the new developments close to Sintra.

At Galamares, ten minutes from the coast, a London Securities project offers six four-bedroom houses, to be built on a four acre site. Each will have its own swimming pool. Prices from £280,000.

At Malveira da Serra, another British developer is building 11 houses due for completion by the end of the year. Two have already gone to buyers from Hong Kong. Four-bedroom terrace types are from £94,000; detached ones with pools, from £149,000.

Another style of development is to be found at Nafarros, again a village on the Sintra fringe. This is a condominium of six houses, set in communal landscaped gardens with shared pool, games room and tennis court. The houses are spacious, with double-height drawing rooms. Solar panels boost water heating and specially constructed heat-retention walls will utilise solar energy to cut winter running costs. Prices from about £162,750.

All these properties are available through Hamptons Somei in Lisbon (tel: 010-351-65-91-33) or Hamptons International in London (tel: 01-493-8222).

The high lending rates charged by banks in Portugal need not deter British or other nationalities who want to take out a mortgage in London on a Portuguese property. Even the three Portuguese banks in the City will lend at lower rates than can be obtained by their nationals borrowing in Portugal.

## Sun, sea and flat prices

*Audrey Powell on the market for homes overseas*

EVERYONE knows that Britain's residential market is in a sorry state. But what about the industry dealing in second homes abroad?

Inevitably, much that is geared to British-based buyers is suffering a knock-on effect. "The market is flat," says Geoffrey Pilgrem, secretary of Fopdac (the Federation of Overseas Property Developers, Agents and Consultants).* He stresses, though, that agents view this as only a temporary blip caused mainly by high UK interest rates, and adds: "Boom times will come again."

Meanwhile, this is the map according to Pilgrem:

**SPAIN:** New developments are being allowed more readily if they are up-market and likely to attract buyers who will put money into the economy. Property prices generally are static although they have not dropped. Agents with a good product are selling but second-class projects started under pressure of a boom are likely to drag.

In the Balearic islands, the authorities are doing their best to promote good-quality development. There is new legislation aimed specifically at encouraging the building of golf courses – surely an indication of future trends.

In the Canaries the quality of some of the development is similar to that on "popular" parts of Spain's Mediterranean coast. This is disappointing for a winter sunshine area that might be expected to cater for a different type of buyer.

There are, however, some pleasant schemes a little inland in Tenerife. The island of Gomera has yet to be developed but when the promised airport eventually materialises (with due allowance for the *manana* factor), property there could prove a useful investment.

**PORTUGAL;** There is increasing emphasis on development on the Estoril coast and also much more building along that part of the Algarve from Faro to the Spanish border which previously has seen little change. The quality of development is, generally speaking, now rather higher.

As for the state of the market, Pilgrem says prospective buyers can draw their own conclusions when a large developer (Bovis Abroad) is offering £10,000 towards furnishing on properties priced from £110,000 to £300,000 reserved before a certain date.

**FRANCE;** Clearly. the market for second homes has enjoyed a spectacular return over the past five years although this is not as large as Spain. New projects around the Channel tunnel are more commercial than resort-orientated,

*'The French market for second homes has enjoyed a spectacular return'*

while places like Le Touquet are getting too crowded with agents and developers. There are, however, some attractive and little-noticed schemes going ahead in the south-west around Montpellier, St-Cyprien and Perpignan.

**SWITZERLAND:** Always a steady market, did well last year in spite of a reduction in buying quotas for foreigners and permits sometimes taking months to come through.

**MEDITERRANEAN:** Malta is making its way back slowly. Cyprus is developing quite strongly in competition with Spain and more traditional resort areas although much of its property design is "extremely boring, more akin to the 1950s." But there are signs that builders are recognising this and making their estates more interesting. Cyprus used to cater for British buyers who were mainly ex-service people, but there is a different pattern now.

**GREECE:** For 20 years, agents have been forecasting it will be the next place to take off; yet, no developers have gone there in a big way. The islands are attractive but the drawback is that most of them can be reached only by boat.

**TURKEY:** While much has been forecast for Turkey, the promise has not become reality. The general feeling is that it needs to become a genuine democracy first. If that happens, Turkey could be one of the growth areas of the Mediterranean.

**ITALY;** The market is dominated by intellectuals and advertising people buying in Tuscany and Umbria and has not developed as might have been expected. If the Italians seriously want to attract British and foreign buyers, they have plenty of ways to do so. There is, however, some new property going up including one stylish small development in the mountains at Sansicario, in Piedmont, some 60 miles from Turin and close to the French border.

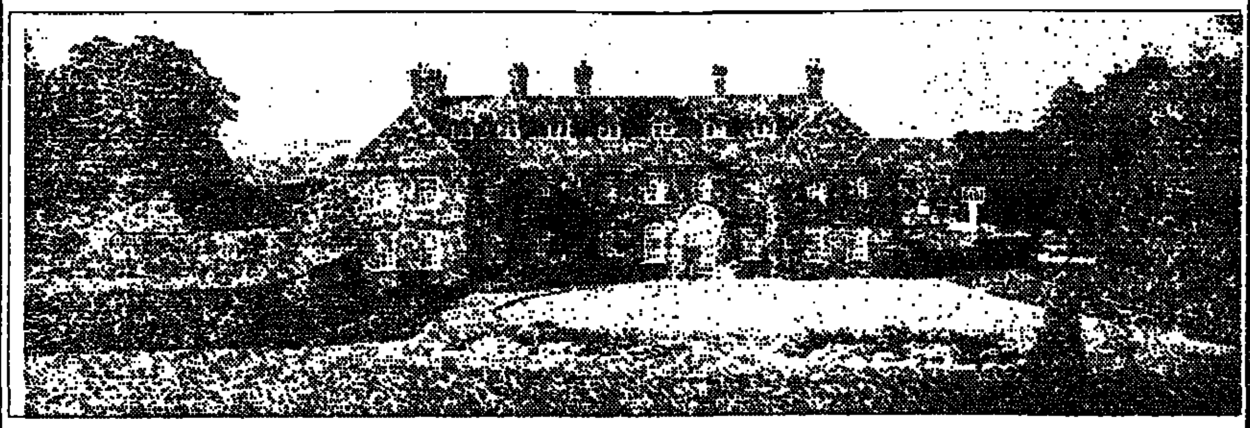
There are shops and restaurants in a commercial centre with a rare golf course planned. One to three-bedroom apartments sell from £56,000 to £128,000. Agents Brian A French & Associates in London (01-284-0114) are also offering land for further apartments or an hotel.

**EASTERN EUROPE:** Pilgrem sees possibilities in the changing pattern there. A British golf course contractor has been in Yugoslavia already to quote for three courses and Hungary has superb scenery with a higher ratio of second homes than Britain.Pilgrem has opened an office in Budapest and hopes to offer old hunting lodges for conversion to hotels, with golf courses around them. (His International Project Consulting Group in London can be contacted at 01-730-9222).

**FOPDAC, based at Brighton (0273-777-647), was established in 1973 and has nearly 90 members who operate in Europe. It aims to unite those involved in overseas property "in a manner which would minimise any risks" to purchasers. During the 1990s, its plans include introducing entrance examinations for new members and lobbying for EC legislation to standardise house-buying routines.*

COUNTRY PROPERTY

# SAVILLS



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## SURREY – Woldingham
Woldingham Station 1 mile, Victoria 32 minutes, London 18 miles.
Distinctive family house in this popular village so close to London.
3 reception rooms, study, 4 bedrooms, 2 bathrooms, double garage. Large attractive garden.
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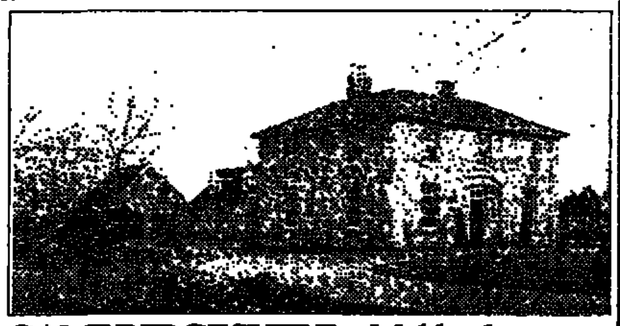
Region £475,000.
Savills, Sevenoaks. Tel: (0732) 455551.
Contact: David Slack.



## CAMBRIDGESHIRE – Meldreth
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Fine late Georgian village house, extended and modernised to an exceptional standard.
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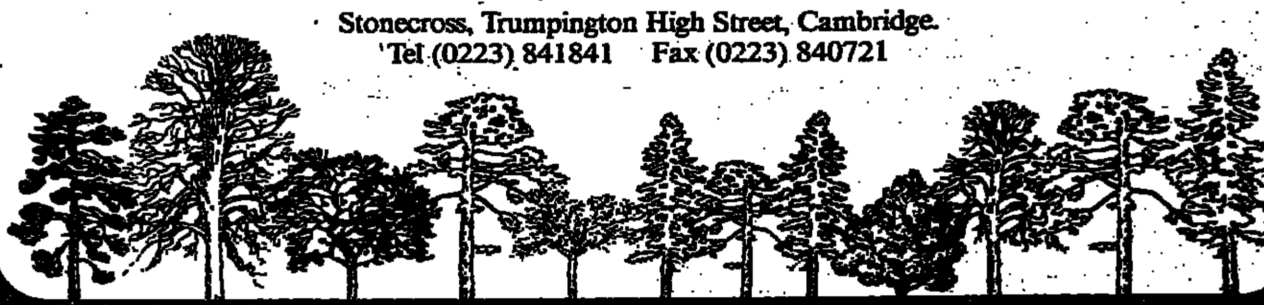

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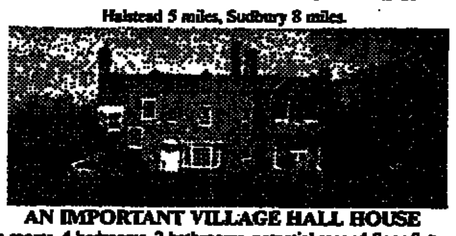

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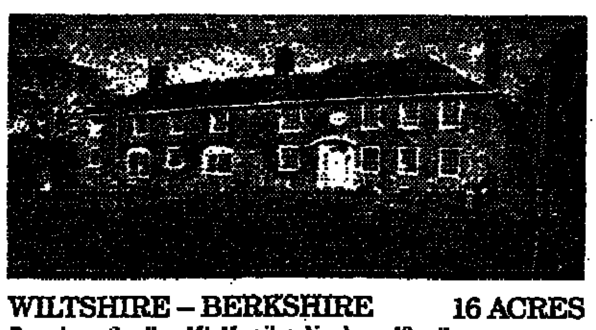

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## West Sussex, 7.5 acres

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**Beautifully restored 18th century country house. Listed Grade II.**

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**Exceptional part Queen Anne Listed house, with fine views.**

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**Apply: Chipping Campden. Telephone: (0386) 840224.**

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Midhurst 4 miles.

**A secluded 18th century village house with fine views.**

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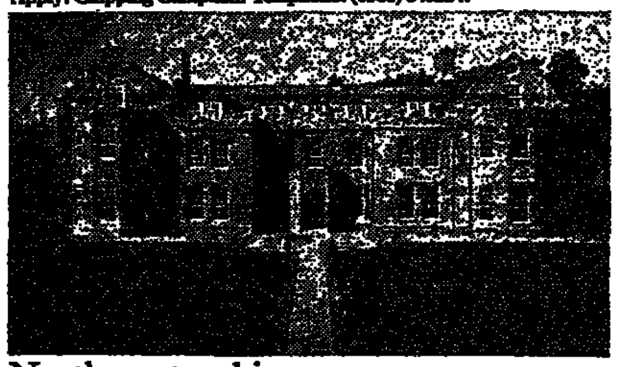

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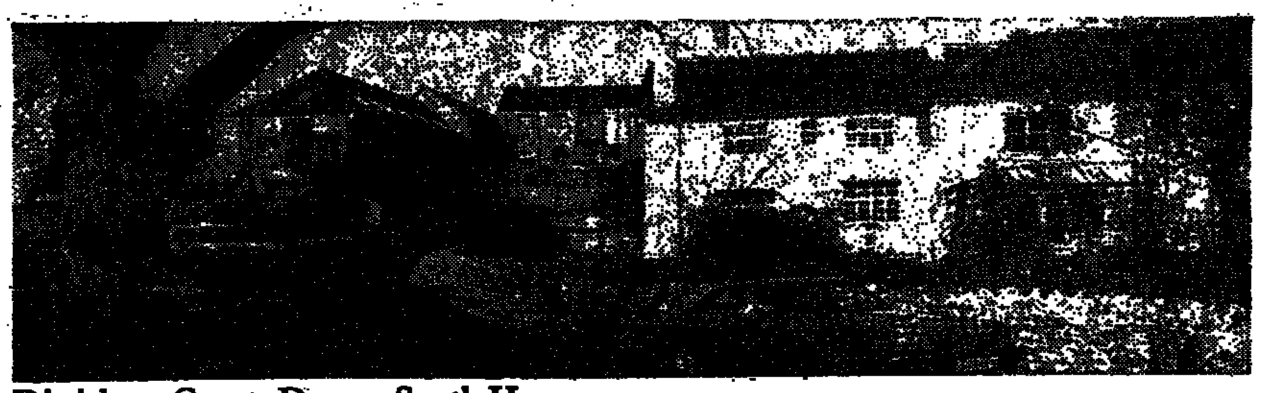
*Joint Agents: Alliance & Leicester Prop. Services. Tel: (0903) 774239.*



## Dittisham Court, Devon, South Hams

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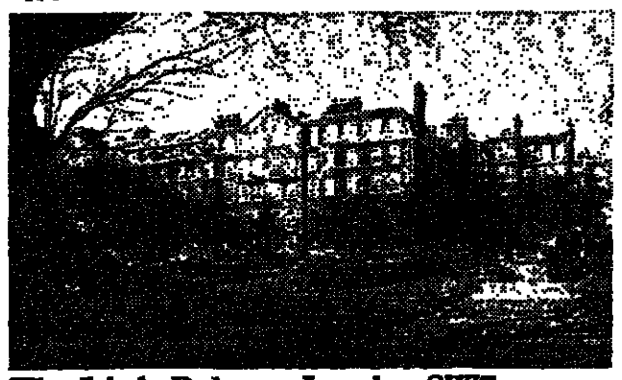

## The Little Boltons, London SW7

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## Gloucestershire Near Stow-on-the-Wold

**Important Listed Grade II* house in unspoilt Cotswold village.**

4 reception rooms, 6 bedrooms, 3 bathrooms, double garage, walled garden, stone barn, orchard paddock. Approximately 1 acre. Three bedroom period cottage also available.

**Guide price: £475,000.**

**Apply: Cirencester. Telephone: (0285) 653334.**

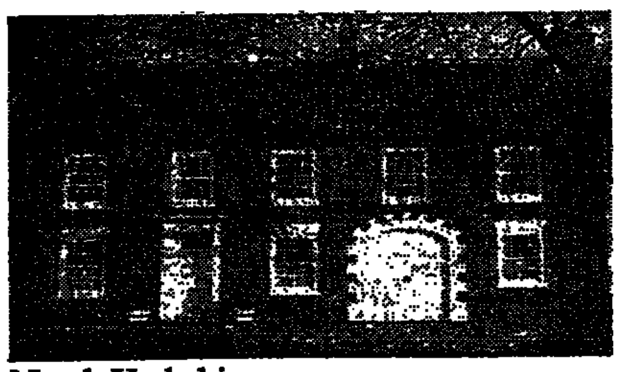
## Gloucestershire, 3.5 acres Chedworth

**A very pretty Georgian village house with adjoining barn annexe.**

2 reception rooms, kitchen/family room, 5 bedrooms, dressing room, 3 bathrooms, cellar, workroom and garage. 2 loose boxes, walled garden, orchard and paddock of approximately 3.5 acres.

***Guide price: £450,000.***

**Apply: Cirencester. Telephone: (0285) 653334.**



## North Yorkshire Near Northallerton

A19 5 miles. Teesside 18 miles.

**Beautifully renovated Georgian house overlooking village green.**

4 reception rooms, study, 5 bedrooms, 2 dressing rooms, 2 bathrooms. Formal gardens, paddocks. In all about 1.75 acres.

**Offers in excess of £300,000.**

**Apply: Darlington. Telephone: (0325) 489948.**

## West Dorset, 3 acres Near Sherborne

**Listed former Rectory, in a secluded and unspoilt rural setting.**

4 reception rooms, 6 bedrooms, 3 bathrooms (1 en suite), cellars. Staff flat. Stable block with consent for 3 bedroom cottage (at present with photographic studio), stables and garages, hard tennis court.

**Guide price: £500,000.**

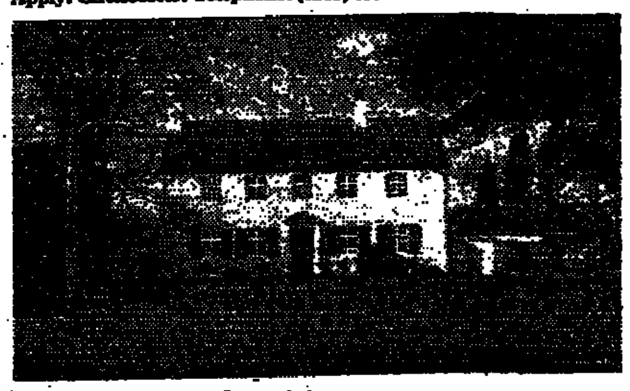
**Apply: Yeovil. Telephone: (0935) 74066.**

## Cheshire Alderley Edge

**Outstanding family house in one of the finest residential areas.**

4 reception rooms, 7 bedrooms, 4 bathrooms, indoor swimming pool, sitting room, gymnasium, solarium, sauna. 4 car garage, hard tennis court, 2 stables, gardens and paddocks to just over 1 acre. *(Ref. 2380)*

**Apply: Chester. Telephone: (0244) 328361.**
*Joint Agents: Meller Braggins. Telephone: (0625) 527181.*



## North Yorkshire, 24 acres Ouseburn

York 13 miles. Harrogate 14 miles. A1 4 miles.

**A Listed Grade II 16th century house in idyllic grounds.**

5 reception rooms, 5 bedrooms, 2 bathrooms. Hard tennis court, range of stables and garaging, barn with planning for conversion. Gardens, grounds, woodland and paddocks. About 24 acres.

**Apply: York. Telephone: (0904) 625033.**

## Shropshire Cheney Longville

**Attractive Grade II William & Mary house in a delightful hamlet.**

Exquisitely appointed with 4 reception rooms, kitchen with gas Rayburn, dry wine cellar, 4 bedrooms, 3 bathrooms (1 en suite). Stabling and outbuildings. Large well stocked gardens. *(Ref. 2391)*

**Guide price: £350,000.**

**Apply: Chester. Telephone: (0244) 328361.**

## North Wales, 84 acres Isle of Anglesey

**Sporting and agricultural estate with Georgian house c. 1775.**

3 reception rooms, 6 bedrooms, walled garden, lodge, 2 cottages. 3 ranges of stone outbuildings suitable for conversion or stud farm.

**For sale as a whole or in lots. *(Ref. 2386)*.**

**Apply: Chester. Telephone: (0244) 328361.**
*Joint Agents: Morgan Evans & Co Ltd. Telephone: (0248) 723303.*

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## LONDON PROPERTY











## RENTALS

PROPERTY

# How to buy your own vineyard

### *Michael Hanson reports on a novel agency*

Château Tour Saint Christophe is for sale through the Vineyard Agency

THE DREAM of owning a vineyard in France is not easy for foreign buyers to realise, for many reasons.

French property law hampers the market and, if the property is a major vineyard, the consent of the French government is required. This has been an obstacle to some foreign buyers, although it did not prevent Pearson – owners of the *Financial Times* – purchasing Château Latour or reselling the property last year to minority partner Harveys of Bristol, a subsidiary of Allied Lyons.

Of course, W & A Gilbey, the Grand-Metropolitan subsidiary, has owned Château Loudenne for the past 100 years and, as Edmund Penning-Rowsell, *Weekend FT* wine writer, said in these pages last month, some 70 vineyards in Bordeaux have changed hands since 1977, 16 being bought by overseas purchasers.

However, the French do not have the same estate agency system as the UK, and it is not easy to identify vineyards for sale.

Whatever, the faults of our agents, they do make known available properties. The same is not true in France.

When Mark Savage, a wine merchant in Cirencester, was asked by a customer if he knew of any vineyards for sale, he contacted a friend, George Windsor Clive.

Clive is a director of Christopher Stephenson International, a firm of chartered surveyors associated with Knight Frank & Rutley, which handles specialist properties both in the UK and abroad.

Windsor Clive knew that two of England's 320 vineyards were on the market. These were Nutbourne Manor, near Pulborough in West Sussex, for which the Sloane Street office of Savills (Tel: 01-730-0822) has been looking for offers in the region of £1.5m since October, and the Three Corners Vineyard at Woodnesborough in Kent (Strutt and Parker's Canterbury office, tel: 0227-41123).

Nutbourne has a six-bedroom Georgian house in 30 acres, three-quarters of which have been planted with vines by owners Jeff and Alison Sanger over the past nine years.

Lt-Col Charles Galbraith, owner of Three Corners, who is planning to retire, is looking for offers around £185,000 for his four-bedroom chalet bungalow, which has 1.5 acres of its 3.5 acres of land under vines.

However, when Windsor Clive tried to locate similar French vineyards for sale, he found that all his leads came to naught. Local agents in France who are given a mandate by owners to sell their vineyards have no system for marketing them internationally or for giving potential purchasers impartial advice, whether about property or wine-making.

So the idea of the Vineyard Agency came about: a liaison between the Cirencester wine merchants Windrush Wines, through their associated company, Windrush Developments (tel: 0285-650214), and chartered surveyors Christopher Stephenson International in Newbury (tel: 0635-528585).

The agency was officially launched by the Marquess of Huntly, chairman of Windrush Holdings, at the Cavalry & Guards Club in London last month. Wines were sampled from five of the 25 vineyards on which the Vineyard Agency already has sale instructions.

Pick of the bunch was Ch. Tour Saint Christophe, Henri Guiter's little-known grand cru St Emilion.

Most of the properties on the Vineyard Agency's books (including two in the US) have the potential to make better wines, and Windrush can offer the necessary skills to improve the wines, through consultants.

Ch Tour Saint Christophe has a six-bedroom house and about 75 acres of land, more than 40 of which are planted with vines.

It is being offered for sale with Henri Guiter's other grand cru St Emilion, Ch Tour Musset, at Montagne St Emilion, which has 75 of its 153 acres planted.

The price being asked for the two vineyards is FFr 67.5m,or just over £7m, of which about 40 per cent is represented by Ch Tour Musset, which a buyer might prefer to resell. Financial performance for the two properties, based on five-year average yields, selling prices and production costs, suggests an annual return of about 10 per cent, excluding interest and tax, and before the cost or benefit of any improvements.

Returns on other vineyards can be much higher. From the 124 acres of vines on the 370-acre Ch d'Antugnac, which produces the only sparkling wine in Languedoc-Roussillon, the Vineyard Agency suggests that a return of about 20 per cent could be achieved on the asking price of FFr 6.25m (£665,000).

There are many cheaper vineyards on offer, such as Domaine du Trillol, at Rouffiac des Corbieres, about an hour's drive from Perpignan.

This has a two-bedroomed farmhouse with central heating, mains water, electricity and telephone, a new two-bedroom staff cottage, a purpose-built wine-making building, modern equipment and about 33 acres of land, of which 22 are planted with vines.

This vineyard produces about 300 hectolitres a year, 40,000 bottles, of appellation Corbieres, which sells to local restaurants for FFr 10 a bottle, or little more than £1. With improved vinification and better marketing, the Vineyard Agency suggests it has the potential to show a return on investment of about 10 per cent.

All this – a place in the sun, lovely countryside within an hour of the airport, the Mediterranean beaches or the ski resorts of the Pyrenees, all the wine you can drink, and a healthy income from the rest – for FFr 2m, or £213,000.

# Château's new lease of life

### *An entente cordiale that's proving a success*

THE FRENCH property market is full of opportunities for those able to snap them up. Take the case of 56-year-old Richard Barker, who lives with his wife, Maggie, in Winchester.

Earlier he had a successful engineering business in Southampton, Hampshire. Then, because of some takeovers that did not go quite as expected, he found himself surplus to requirements, though not ungenerously rewarded.

A bank that had been advising him asked if he would look at a firm that was in difficulties. This started him on another career, as a "company doctor."

Two years ago the Barkers decided to realise an ambition to get a second home in France. She is French-speaking and they wanted somewhere to which they might gently drift into retirement.

Through a London estate agent with an associate in Provence, they found what they wanted, in that area. It was an old stone property, modernised and ready to move into, in five acres of olive and fruit trees "with space all around us." They bought it right away.

On their first holiday there the French associate, Yann Grossi, who was also a developer on a small scale, came to see them. He knew of Barker's background and had a proposition.

"Near the lake at St Laurent du Verdon, Haut Var – not far from their house – was a 17th century château which had been used as a hotel but was rundown and available. It would make apartments for sale but was too big a project for him to take on alone. Would Barker be interested?

The Barkers went to see it. The building had substantial stone walls. The bedrooms were large and would make 24 apartments, with kitchenettes and in some cases additional gallery bedrooms. New shower rooms could go in the turrets.

There was a swimming pool in the three-acre grounds and space for garages and the tennis court they felt should be added. Verdon is 90 minutes from Nice airport and from the beaches of St Maxime.

Barker thought it over for 24 hours and next morning he says, he was "waiting at the door of the bank." He, his wife, and Grossi, formed a company. The château was mortgaged to a French bank, against securities and guarantees, to finance both purchase and redevelopment.

A quantity surveyor and French architect were appointed and local authority requirements gone into.

The work is now in hand and should be completed by next spring. The apartments will range from studios at £23,500 to two-bedroom units at up to £79,700. The annual maintenance charge of about £300 to £700 includes taxes.

The London agent offering the units is Domus Abroad (tel: 01-409-0571). Five apartments have already been sold to English buyers, though it is intended that the château should not become a "British-only" property.

So is the venture likely to be a financial success? If all goes well, Barker thinks it will and says that with purchase and development costs it is looking like a £600,000 proposition.

"As a financial undertaking, at the moment it seems a very good investment. But it does mean we have to contain our reconstruction costs," he says. They do not know how much advertising spending will be needed to sell all the units. He would be prepared to undertake a similar project again.

Would he advise other Britons to take on such a scheme, if one turned up? Here he is wary.

With Château St Laurent "everything came together," he says. The place was structurally sound and already divided. The swimming pool was there. (Their French associate had initially been doubtful about the cost of the tennis court, but in fact one of the flats already sold has been bought by keen players for whom the court was a requirement).

There was considerable benefit in the fact that Maggie Barker spoke the language and that Grossi had his estate agency office in the area and would be able to handle lettings for owners. Indeed, says Barker, a vital point had been the French associate. "I would not do it without a Frenchman 'living in the parish'."

Equally vital was Barker's experience in the engineering and financial worlds.One of his earlier involvements had been with a private hospital in London's Blackheath, converting a building that had similarities to the château.

***A.P.***

## INTERNATIONAL PROPERTY

































## COUNTRY PROPERTY





## COUNTRY RENTALS



## COUNTRY PROPERTY

GARDENING/MOTORING

# Hybrid hothouse

## *Copenhagen sets Robin Lane Fox dreaming*

WHENEVER you are caught in a city, investigate its botanic gardens. This principle has never let me down, from the pinnacles of Edinburgh and Munich to the local charms of Urbino, where the terraced garden spills, pots and all, into the town's main street.

I have just added another to my repertoire: the Botanisk Have at Copenhagen, whose upper terraces have a charming view. Its modest area fits walks, lakes and a wildlife rockery into no more space than most country houses would leave to the mercy of their daffodils.

The star turn is its great palm house, built under royal patronage to compete with the glasshouses of other European capitals. In Copenhagen the hottest house has an internal oddity: an elegant, iron spiral staircases up which you can walk to the height of the tree-tops and look down on banana trees, giant palms and tropical greenery from a circular walkway round the edge of the house. Owners of big conservatories may be tempted. From above, the hothouse trees have less of a claustrophobic density. I liked the idea and now dream of a crazy sort of library, with similar steps to the upper bookshelves, in a conservatory where tropical climbers and greenery fill the centre and sprawl upwards on to the spines of the texts which I most wish to rediscover, like an outcast on some abandoned island in the South Seas.

The cool houses have a few unfamiliar tips which we could all exploit in our own glass rooms. The wild rose-pink Cyclamen pseudibericum is bedded out beneath the citrus trees and stephanotis. This boldly-coloured wild variety is not fully hardy in gardens but it flowers profusely indoors where its leaves are clean and smart. Above it, a grapefruit tree exhales its exceptionally sweet scent. You can grow your own quite easily from grapefruit pips but the seedlings will eventually grow into big bushes and need a minimum temperature of 45 degrees F in winter. To my nose, grapefruits smell even more sweetly than lemon trees: above wild cyclamen they are enchanting.

Botanical gardens are a source of new ideas which keen gardeners can adapt. This week, the outstanding conservatory plant in Copenhagen is the little-known Datura Arborea. Its relations are the sumptuous Angels Trumpets whose long, white and yellow flowers dangle so beguilingly in late summer but this variety is something special, a clear, brilliant scarlet whose flowers hang like triangles. It is no more difficult than the rest of the family and increases easily from cuttings. Naturally, I forbore to pinch one

Outdoors, I always look to see what botanists grow in that awkward position, dry shade under trees. Danish botanists have taken forms of our wild Cuckoo Flower to heart. In meadow grass or wild gardens, our native Cardamine Pratensis is pretty enough and ought to be sown and grown wherever you plant cowslips: it spreads well, even in dry positions and it survives the hazards of summer mowing. In Copenhagen, however, I was pleased to see the form which makes a carpet of pointed dark green leaves. It turns up sometimes in the woods on the foothills of north Italian mountains but seldom makes the leap into the shade of British shrubberies. The easiest form is Cardamine Trifolia which often appears on specialised lists. Each plant carpets a square foot and in early spring the contrast of flower and leaf is exquisite. In Denmark, it keeps company with big groups of white anemones which flower at the same time.

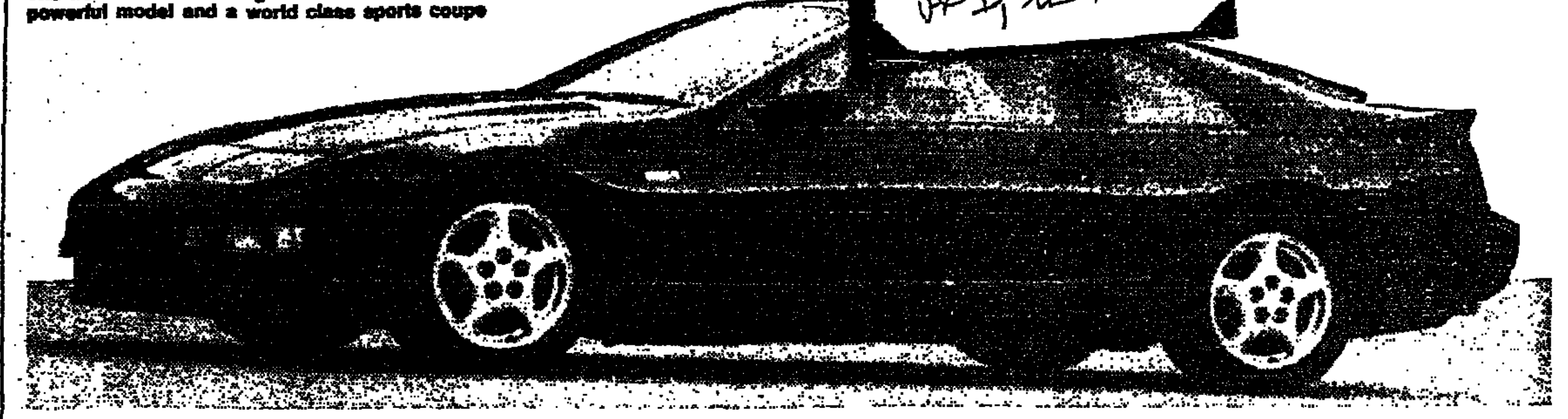
From May onwards a particular charm of these gardens must be their well-arranged pergolas. Here, there is no fancy trellis or white-painted frilliness. The frames are made of sturdy rustic poles at intervals of three yards inter-connected with simple wires. Overhead grow a mass of species clematis with names like ligustifolia. Rare virginia creepers keep them company and in full leaf these long tunnels of greenery must be enchanting. They run down one side of the banks of a natural lake which has been laid out in a satisfying shape. There is something particularly pleasing about seeing ducks and swans flying in to land happily in the heart of a large capital city.

In the spring sunshine, Prunus Umeneko is a haze of blossom; there are great golden flowers on those European favourites, the low-growing forms of Adonis which are still so curiously expensive in English lists; pale blue hepaticas are flowering on the rock garden amid a flurry of punctilious labels and a sensible surfacing of grey Danish grit.

From the upper terrace by the palm house, the view sweeps down to the lake through an emergent haze of the willows. Below the terrace wall snuggle the cool houses for the tree orchids and a remarkable muster of cacti.

Science and system unite in a well-controlled harmony: entrance is free, as usual in these havens of European good husbandry. At the time of my visit, however, the large and detailed area of native Danish flowers did imply that the natural plant of the Vikings was the common old daisy, interspersed with dandelions. No doubt, something more Nordic was waiting to burst out from the clumps of dormant leaves.

Horticultural tourism: in a strange city seek out and investigate the botanic gardens. Pictured here is the temperate house at the Royal Botanic Gardens, Kew, London



هكذا من الأصل

The new twin turbocharged 300ZX. Nissan's most powerful model and a world class sports coupe

# Highway star: life in the fast lane with Nissan's Targa-top tiger

## *Stuart Marshall puts his boot down in the racy but civilised 300ZX*

WHAT DO you do if you have a really high performance car and fancy driving it it as its makers intended?

One option is to nip over to West Germany and have a blast up the still derestricted autobahn. If, that is, you can find a stretch that isn't cluttered with articulated lorries, smoky East German Trabbies that have come west and businessmen in their Mercedes.

Another is to join the 96 Club, which arranges a dozen or so private meetings at race circuits where you can give a car its head. (Details from Anne Davidson on 0483-222741).

Do not even contemplate the third option of putting your foot down on a near-deserted British motorway at 3am. It is illegal — a certain licence loser — and the police are on to it. They wait on one of those roadside humps in a patrol car and wind the windows down. When a car is going really quickly it can be heard a couple of miles away, they say.

Nissan UK, which has just put its stunning new 300ZX on sale in Britain, joined in with the 96 Club's Silverstone meeting last week. Members, who own and actually drive cars like Ferrari F40s as well as Porsche 911 Turbos and Morgan Plus 8s, were invited to have a go at the 300ZX. Having driven it extensively on high-speed and handling circuits in Japan last year, I preferred to try it on the road this time.

Over lunch, I asked 96 club members what they thought of the 300ZX. To a man, they praised its refinement and performance but thought it was "not quite hairy enough to be a real sports car." "It's too sanitised," said one member to general agreement.

Well, yes. I suppose it is sanitised, if that means Nissan has given its most powerful car such good manners and extraordinary road holding that one has only to enjoy it, not grapple with it. On Northamptonshire's A and B roads, with their sweeping curves and good visibility, I got as much pure pleasure out of driving the 300ZX as I had the Mazda MX-5 and Lotus Elan last month.

Its soft leather trimmed and power adjustable seat fitted me nicely. The day was sunny and the standard air conditioning welcome.

The 3-litre, V6 engine has twin turbochargers and intercoolers and delivers 280 horsepower. Enough, says Nissan, for a top speed of 160 mph/257 kmh and a 0-60 mph (0-96 kmh) time of well under six seconds. I don't doubt this for a moment, having seen a speedometer reading of 165 mph/265kmh on Nissan's test track last autumn. In the real world, this translates into sling-shot acceleration that reduces overtaking time to an irreducible minimum.

As one would expect of a car capable of more than twice the legal maximum, the 300ZX feels half-awake on the motorway. But what I revelled in was the sheer relaxation of driving it on non-motorway roads. Finger pressure on the rim of the power-assisted steering wheel and a tiny squeeze on the accelerator pushed the 300ZX round sharp bends without need to slacken pace.

From track driving, I know the engine stays smooth up to the 7,000 rpm at which the ignition cutout operates. Last week, I found it would also trickle untemperamentally through villages at 30 mph/50 kmh in fifth gear.

Ultra-low profile Michelin MXX tyres (the 245/45ZR16 rears even fatter than the 225/50ZR16 fronts) provide immense grip and instant turn-in but pass little road thump to the interior. I haven't yet tried the 300ZX in wet weather; ABS brakes and a limited slip differential should help it retain its composure.

Considering the power it has to transmit, the clutch is featherlight and the gearshift feels pleasant. Automatic transmission is available; Nissan UK expects about 30 per cent of buyers to choose it. I think I would like a two-pedal 300ZX; the Porsche 928 with which one can't help comparing it is nicer as an automatic than a manual.

A cloth trimmed 300ZX Targa (the roof lifts off in two panels leaving a T-bar support in place) costs £34,499. Automatic transmission puts the price up to £35,450. Leather trim is £1,149 extra. When you think a 5-litre V8 Porsche 928 is £60,792; a 4-cylinder, 2.5 litre Porsche 944 Turbo £42,296 and the cheapest Ferrari, a 3.4 litre Mondial, £60,499, a Nissan 300ZX looks like a loss leader. It may not have their charisma, but it has everything else.

The 300ZX's arrival in Britain marks the latest stage in Nissan's progress up-market. For several weeks I have been using a Maxima SE executive saloon, powered by a silky 3-litre, 172 horsepower V6, front-wheel driven and equipped as standard with electronically controlled 4-speed automatic transmission.

The £21,499 package also includes ABS brakes; cruise control and power operated glass tilt and slide sunroof, windows and heated outside mirrors. A transmitter attached to the ignition key works a central door locking and anti-theft alarm system from 15 paces.

It is a quiet and long-legged car; at 62 mph/100 kmh the tachometer shows only 2,000 rpm and my average fuel consumption has been nearly 24 mpg/11.7 l/100 km. The transmission shifts down quite eagerly when you need to pass traffic but never feels jerky.

The Maxima's interior, as well as its ride and handling, are what you would expect of a German quality car though Nissan claims it is roomier than a Ford Scorpio or Mercedes 300E. Also Germanic is the reaction felt from the sporty Dunlop D40 tyres on roads less perfectly surfaced than your average autobahn. I think most business motorists might be happier with tyres that sacrificed a little handling for the sake of a quieter, more shock-absorbent ride.

The standard Maxima 3.0 V6 Auto is £18,897; it lacks a few of the SE's goodies like the security system but still has air conditioning. And the SEL, with leather trim thrown in, is £22,594. Compared with, say, a BMW 530i (from £24,350), Ford Scorpio 2.9 EFi (£22,815) or Rover Sterling (£24,870), the Maxima looks competitive. And a recent study by J D Powers and Associates, an American car quality monitoring organisation, put it ahead of the field for reliability.

# Soothing the crossing

I HATE the hovercraft. Anyone who had travelled with me from Calais to Dover on a rough evening recently probably would, too. It was like flying through a thunderstorm in a Dakota, with people all around being ill in paper bags. Ugh!

The Channel Tunnel I shall believe in when the first train runs through it. Meantime, I remain a fan of the ferries, the P&O ships especially. They provide a comfortable crossing and save me time because I can eat while I travel instead of stopping for a meal later.

One has to say, however, that sometimes a proportion of the passengers seem unworthy of the ships. This is a problem P&O has addressed by starting a Club Class for sailings from Dover. For a modest premium of £5 per crossing (£10 per person return) it does for cross-channel passengers what Club Class does for air travellers — that is, recognise that some people are prepared to pay just a little bit extra for superior service and amenities.

In essence what you get is a guaranteed seat in a limited capacity and well-appointed lounge with stewards serving tea, coffee or soft drinks, plus your favourite daily paper on the house.

For business travellers there are desks and, at extra cost, card phones, Vodaphone, fax machines and photocopiers. Details from travel agents or P&O European Ferries, Dover.

# The sweet smell of success

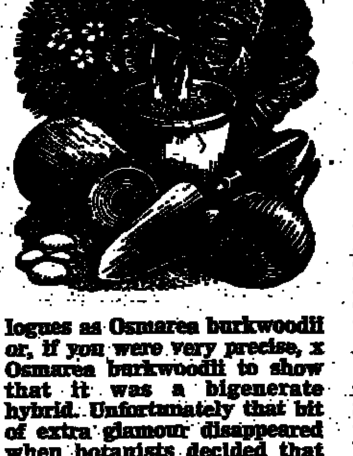
## *Arthur Hellyer looks at the virtues of an unassuming shrub*

PEOPLE walking down my lane recently have been sniffing the air and remarking that there was a very sweet smell around. However, I think few have detected its source, even though it was right beside them.

No doubt they were looking for something more spectacular than the little white flowers of Osmanthus burkwoodii and it is probably this lack of display which has prevented it from becoming a popular shrub. Yet it is an excellent evergreen with neat, dark green leaves and it stands clipping so well that it is useful both for hedgemaking and for more elaborate topiary.

It is a hybrid and part of its problem is that it has always been overshadowed by one of its parents. When it was created in mid-century in the nursery of Burkwood and Skipwith at Kingston-on-Thames it was of considerable interest because it was believed to be that rather rare thing, a hybrid between two different genera, one parent being Osmanthus delavayi and the other Phillyrea decora.

For this reason it was given a new generic name, "osmarea," and was listed in all catalogues as Osmarea burkwoodii or, if you were very precise, x Osmarea burkwoodii to show that it was a bigenerate hybrid. Unfortunately that bit of extra glamour disappeared when botanists decided that the supposed phillyrea was in fact an osmanthus all the time, and that poor burkwoodii had no right either to that preliminary x or to the special generic name. Rather it should be plain Osmanthus x burkwoodii, indicating that there was simply a hybrid between the species — not by any means such an unusual thing.



From then on burkwoodii had to compete on level terms with delavayi. The latter won hands down on beauty, though it lost quite heavily on toughness and speed of growth. Of course beauty was more appealing, so delavayi got nearly all the publicity and people forgot about burkwoodii. All of which was rather a pity, for this is a highly useful evergreen shrub which I would not wish to be without in my garden.

It was not the only good shrub that Burkwood and Skipwith raised by hybridisation, nor the only one that bore the Burkwood name. The best, judged for all round utility and beauty, is a ceanothus which they raised (perhaps I should say *Burkwood* raised; I think he did all the breeding which is why they bore his rather than Skipwith's name) by crossing C. floribundus and a garden variety named Indigo.

Whether this was actually what Burkwood did is uncertain since "floribundus" is a decidedly dodgy name which has been used for several different plants. There is no argument about Indigo, nor about the fact that the parents came from very different sections of the ceanothus, one from the spring flowering, small-leaved, evergreen section, the other from the August-September flowering, larger leaved, deciduous section.

In appearance Ceanothus burkwoodii looks more like its evergreen parent, but from its other parent it acquired a later flowering season, from mid-summer until autumn. Since those flowers are a good, bright blue it was a valuable addition which quickly became popular and must still be regarded as among the 10 or 12 best ceanothus varieties for general planting.

Burkwood made other crosses between the evergreen and deciduous groups of the family and, using the very hardy thyrsiflorus as the evergreen parents, obtained a lighter blue long flowering evergreen seedling which he named Autumnal Blue. This is not quite so well known as burkwoodii but is nevertheless a first rate evergreen flowering shrub.

The most imposing ceanothus was named by an amateur Trewithen Blue — but he himself was not engaged in hybridisation. He was George Johnstone of Trewithen, one of Cornwall's most prestigious gardens, and all he appears to have done was raise some seedlings of the tree-like Californian species, Ceanothus arboreus.

However, he did breed many other plants, including daffodils and rhododendrons, and he had the sharp eye essential to the successful plant breeder. He spotted, among his seedlings, one that was superior to the others, set it aside and named it after his garden.

It has fine cornflower blue flowers and will grow 20 ft high. However, it branches from quite low down so it is not really a tree in the popular sense, just a very big and beautiful shrub, although it lacks the sweet honey scent of C. impressus. I grow Trewethen Blue in a specially warm and sunny place, but I do not have to look for a specially favourable spot for impressus.

# BRIDGE

IN TODAY'S hands from rubber bridge we see the finesse, like the Siren, lure the declarer to disaster.

Study Free Finesse:

N
♠ K 9 5 4
♥ Q 8 3
♦ 7 4 3
♣ A J 5

W
♠ -
♥ A K J 10 5 4
♦ K J 10 5
♣ 10 9 2

E
♠ 7 6 3
♥ 9 7 2
♦ 9 8 2
♣ Q 8 7 4

S
♠ A Q J 10 8 2
♥ 6
♦ A Q 6
♣ K 6 3

At game to East-West West dealt and bid one heart, and after two passes South re-opened with two spades, and North's four spades closed the auction.

West started with the heart ace, East playing the two, and switched to the club 10. Seeing the chance of a free finesse, declarer put up dummy's knave, the queen covered, and the king won. After drawing the trumps, South finessed the diamond queen, West had the king, and South had to lose four tricks.

Let us replay the hand. When dummy goes down, we see nine top tricks, and there is the chance of an endplay on West. But a preliminary elimination is necessary, so we must not cover the lead with dummy's knave. We allow it to hold, take the next club in hand, cross to the spade king, and ruff the eight of hearts. We draw East's two trumps, cross to the club ace, and cut adrift with the heart queen, on which we throw the diamond six. West takes, and is trapped. A heart return concedes the ruff discard, a diamond runs into South's tenace. The free finesse ruins the vital stripping process.

Now we study Premature Finesse:

N
♠ 4 2
♥ A 6
♦ A J 6 5
♣ A K J 7 3

W
♠ K Q 10 9 8
♥ J 8 3
♦ 9 7 3
♣ 8 5

E
♠ J 7 6 5
♥ K 10 4
♦ 8 2
♣ Q 10 9 4

S
♠ A 3
♥ Q 9 7 5 2
♦ K Q 10 4
♣ 6 2

North dealt at love all, and started with one club, South replied with one heart, North rebid two diamonds, and South said three no trumps.

West led off with spade king, East dropping the seven, and South considered the position. There were eight tricks on top, and the finesse in clubs could provide the ninth. Winning with the ace, he crossed to the ace of clubs, and ran four rounds of diamonds, finishing in hand. He then led another club, finessing the knave. East won, and a spade return defeated the contract.

There is a better way. After taking the first trick, South should cash knave and ace of diamonds — to cash a third would make discarding impossible — and return dummy's last spade. West wins, runs three more tricks in the suit, on which dummy throws one diamond and two clubs. On the last spade East signals with the 10 of hearts, so West switches to the three. The declarer wins with the ace in dummy, and cashes one more diamond. West follows, but East pitches the club four. Now West cannot hold more than one club, so the automatic squeeze against East is sure. South plays his last diamond and East is squeezed. He must part with his king of hearts, establishing declarer's queen (now bare) or unguard his club queen. The throw-in play shows South that the club finesse is not the right line.

**E.P.C. Cotter**

TRAVEL

Civilised Weekend

# Prague — a visual feast

*Susan Moore enjoys the baroque and medieval treasures of a beautiful city*

PRAGUE IS a pre-war city. A fairytale hill-top castle, a skyline pierced with spires and finials and the onion domes of Baroque churches and palaces. Its cobbled streets (but not its suburbs) are unscathed by Modernist carbuncles and unchoked by exhaust and triple-parking. Clothes are drab. Churches are well attended. Everyone smokes. Nouvelle cuisine has yet to be invented.

Prague lays claim to being the most beautiful city in Europe. Its architecture and its treasures are predominantly medieval and Baroque. Charles IV transformed the Bohemian capital into the political and cultural capital of the Holy Roman Empire in the 14th century, and Rudolf II — the greatest art lover in the world, according to contemporaries — did the same in the 16th.

Seven national galleries are ranged around the city in a collection of castles, palaces and convents. Palais Sternberg boasts one of Pieter Breughel the Elder's great Seasons among some distinguished old masters (including an important but much damaged Dürer); its French post-impressionists, and a sequence of Picassos, entirely unexpected, are astounding. Bohemian gothic painting and sculpture, hardly known outside Czechoslovakia, is displayed in the Monastery of St George.

Two interiors exemplify the best of Prague's two golden ages. The undulating fan vault of the vast Hall of Vadislav, a late Gothic throne room in the Old Palace of the Castle complex, is created through an unique convolution of curved and cut ribs which grow out of an avenue of columns like the slender branches of young trees.

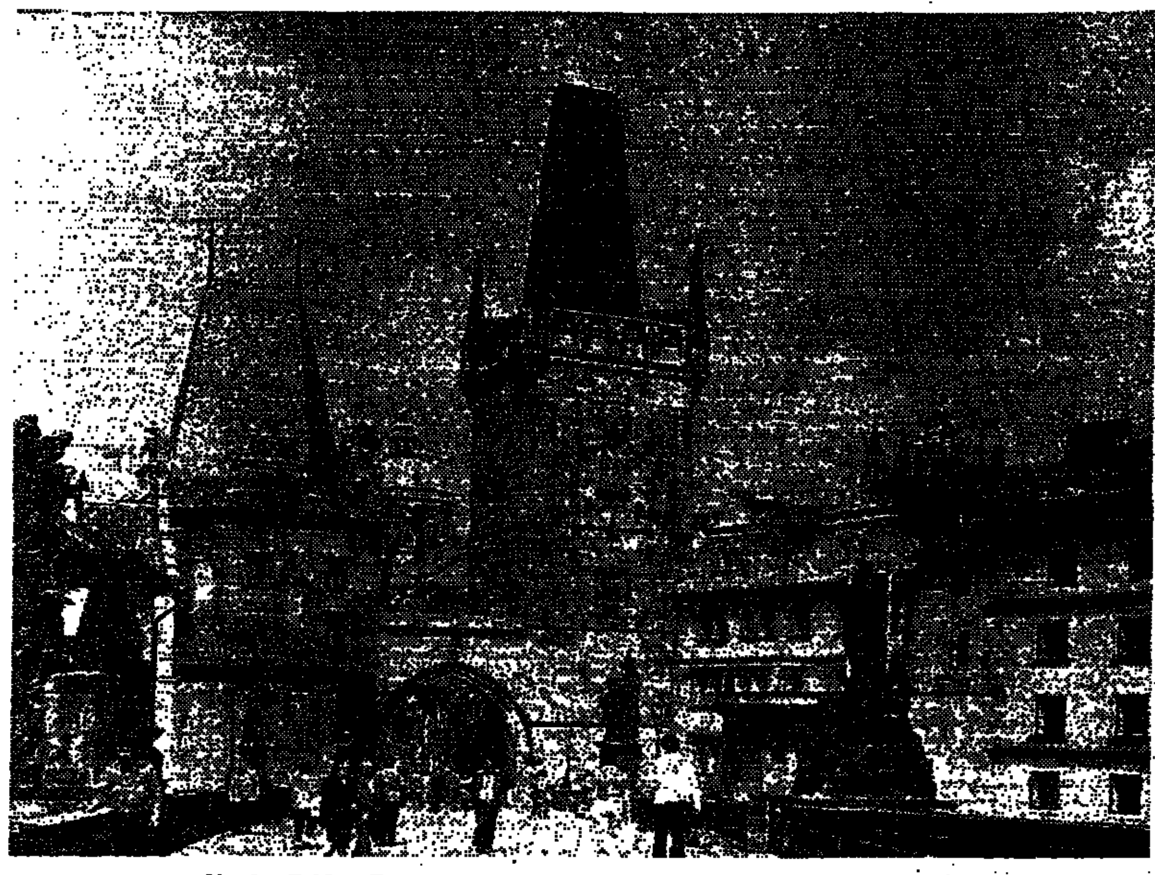
In the exuberantly plastered and frescoed Theological Hall of the Strahov Monastery, it seems that the 18th century Italian stuccadores finally exhausted their invention. This great globe-lined monastic library is now a national library swollen to absorb some 900,000 manuscripts and books removed from the religious houses dissolved in 1952.

Prague's most haunting space — almost oppressive enough to be an interior — is the Jewish Cemetery. It survives only because the National Socialists planned a "museum of an extinct race." The old ghetto has been swept away, save for the town hall and a series of synagogues. In its place are apartment blocks — one of which housed Utz's flat — built by a follower of Otto Wagner. The tall blocks crowd the cemetery and seem to push ever inwards so that at the edges the weathered pink and grey pointed tombstones are stacked like playing cards. The hilly terrain, intersected by paths, attests to the graveyard's growing upwards rather than outwards.

Standing on one of the bridges over the Vltava and its islands which lace together the Malá Strana and the Nové Mésto, you could almost be in Paris. In the Tyn square in the Staré Mésto it is like picture-book Bavaria. Palaces and gabled town houses are painted in pretty pastel colours, while opposite the great medieval church stands the town hall and bell tower, complete with performing astronomical clock. Prague is, after all, the city of Figaro and Don Giovanni.

Posters pasted up all over the city proclaim the week's musical events, from chamber music in the Convent of St Agnes to jazz at the Club Reduta. Where but the Smetana Theatre, inside a glorious gilded wedding cake, could you hope to witness a performance of the *Two Widows*? Where else could you buy two seats in the stalls, and two more in a box, for the equivalent of £1.10?

Supraphon recordings, even CDs, remain the sole desirable commodity for tourists, but they are too cheap to use up much of the currency that visitors are obliged to buy. However hard you try, it seems impossible to chew your way through more than £5.



A stroll across the Charles Bridge, Prague

Prague is a visual feast but is not a city for foodies. It offers nursery food in grown-up helpings. Game is the best option; dumplings or potato bolders are served with everything, and the welcome alternative to white cabbage is red cabbage. After three days we fell upon a shop which sold huge Spanish oranges for London prices — a king's ransom for locals.

The set menus for tourists that are found in the best hotels (sadly often the best places to eat) and restaurants are best avoided, unless you have an appetite for medicinal cocktails, stuffed eggs, cold ham and cream cheese, consommé, goulash and dumplings, and a sticky pudding. We ate excellent venison and red deer in the restaurant beside the Wallenstein Palace, and well at the grim Halali Grill, which specialises in game and gipsy music, although none of the former was on offer. There is a fish place (not highly recommended) and even, implausibly, a Chinese, which is booked up three weeks in advance.

The food in our hotel was reputed to be the best in Prague, which somewhat surprised us. The Three Ostriches must be the best place to stay, however, tucked down beside the (pedestrianised) Charles Bridge. It is a small hotel, once the home of the man who supplied feathers to the court. The beams of its upper rooms are delightfully painted with provincial swags of fruit and flowers, and views extend over the sculpture-lined bridge and the river. Its furnishings, like those in most of public Prague, ought to go straight into the Victoria & Albert and never be seen again. Everything is Late Sixties orange and brown and beige.

One splendid exception (Inter-Continentalism excluded) is the untouched but slightly seedy art nouveau of the Europa Hotel on Wenceslas Square. Here nothing seems to have been "improved" at all; it is an architectural buff's paradise. Its bar is always brimming, a favourite meeting place for the gay community but frequented by all.

The only thing to drink in Prague is its excellent beer, brewed at Pilsen. At the Little Black Ox near the Loretto (yes, an exact replica) you are firmly reminded that 20th century Prague is the city not only of Kafka but the Good Soldier Schweik.

# Oh no, there's a baboon in the bin

*Nicholas Woodsworth ventures into the Okavango delta*

JEANIE DAVIS is everyone's picture of the ideal grandmother. An energetic white-haired Englishwoman, she is warm-hearted, generous and a spontaneous provider of aid and comfort to those around her. In Britain she might be found helping girl guides with their baking. The fact that she lives in the heart of the largest swamp in Africa has not changed her attitude to life and its problems.

I was taken aback, then, by her response to my own worries. "Jeanie," I moaned, returning from an afternoon dug-out canoe expedition with my legs burning and my mind filled with ghastly thoughts of sleeping sickness. "I've been ravaged by tsetse flies."

"How wonderful," she answered, her eyes filling with sudden happiness. "I'm so glad to hear it."

What gave Jeanie such pleasure, it turned out, was not my distress: the chances of contracting sleeping sickness from a tsetse bite, I was assured, are small, and the once-feared illness is now curable in humans. Her happiness lay rather in the fact that the tsetse fly, literally the mortal enemy of cattle, had returned to the central Okavango Delta.

"We haven't seen any for months," said Jeanie. "The Botswana veterinary authorities have been running an aerial chemical-spraying campaign in the Okavango to wipe out the tsetse fly and protect cattle herds on the outlying plains. If it works, it means that commercial cattle ranchers will begin pushing further and further into the delta. But if the flies are coming back, the cattle can't move in — they are some of the delta's best conservationists."

Explaining the environmental benefits of one of Africa's nastier insects is just part of Jeanie Davis's job at Delta Camp, a small guest lodge lost in the middle of the Okavango's 16,000 square kilometres of flood plain, reed bed and swamp. Fed by a river that spreads to form a vast, fan-shaped marshland on the edge of the Kalahari desert in northern Botswana, the delta is one of the last great wilderness paradises on the continent. After a lifetime spent working in the noise and bustle of city banks and accountant's offices, Jeanie and her husband Phil find the Okavango an enchanting if somewhat unlikely site for semi-retirement.

The Okavango does not encourage human habitation. There are no roads to connect the thousands of low-lying bush- and palm-covered islands that dot its swamps. Transportation is either slow and primitive, or fast, modern and very expensive; little alternative exists between the dugout canoe and the small plane. But the delta's water is a magnet for thirsty wildlife, which has attracted growing numbers of tourists.

With over 100 species of mammals, 450 kinds of birds and more than 1,100 forms of unfamiliar plant life to enquire about, visitors to Delta Camp keep Jeanie and Phil busy in their role as camp hosts and managers. "Was that the African pied wagtail or the Cape wagtail?" a guest ensconced with pink gin in hand at the camp's riverside bar will ask of a blurry object disappearing over the rushes. Jeanie and Phil are expected to know, and usually do.

The Davis's inhabit a world that in scope is both vast and limited. The camp sits in an endless labyrinth of crystal-clear waterways that wind their way through feathery reed banks, plains of flooded sedge and quiet pools covered with purple-flowered water lillies. Without the help of their African polers, visitors who make their way by dugout into this watery world would be lost in minutes. Many islands have never known the tread of human feet.

In this vastness, the camp is a tiny continent unto itself. Perched on the bank of an island — guests can almost dip their feet into delta water as they dine by candlelight — it is composed of airy, reed-built bungalows into whose structures the limbs and trunks of living trees have artfully been incorporated. Most have only three sides, with the fourth giving on to the marsh.

Power for lighting is generated by solar panels. Bread is baked in a wood-fuelled oven. Piped water for showers is heated over a log fire in a large drum. Drinking water is pumped from a clear channel out in the marsh.

Supervising these operations takes much time. There are also less routine jobs, such as dealing with garbage-raiding baboons and the occasional elephant that wanders into camp. Busy with one chore or another, the Davis's remain on their island for months at a stretch. Their links with the outside world are their two-way radio, batches of slightly delayed but much anticipated London Sunday newspapers, and the small groups of guests that every few days bump down onto the sandy airstrip behind the camp.

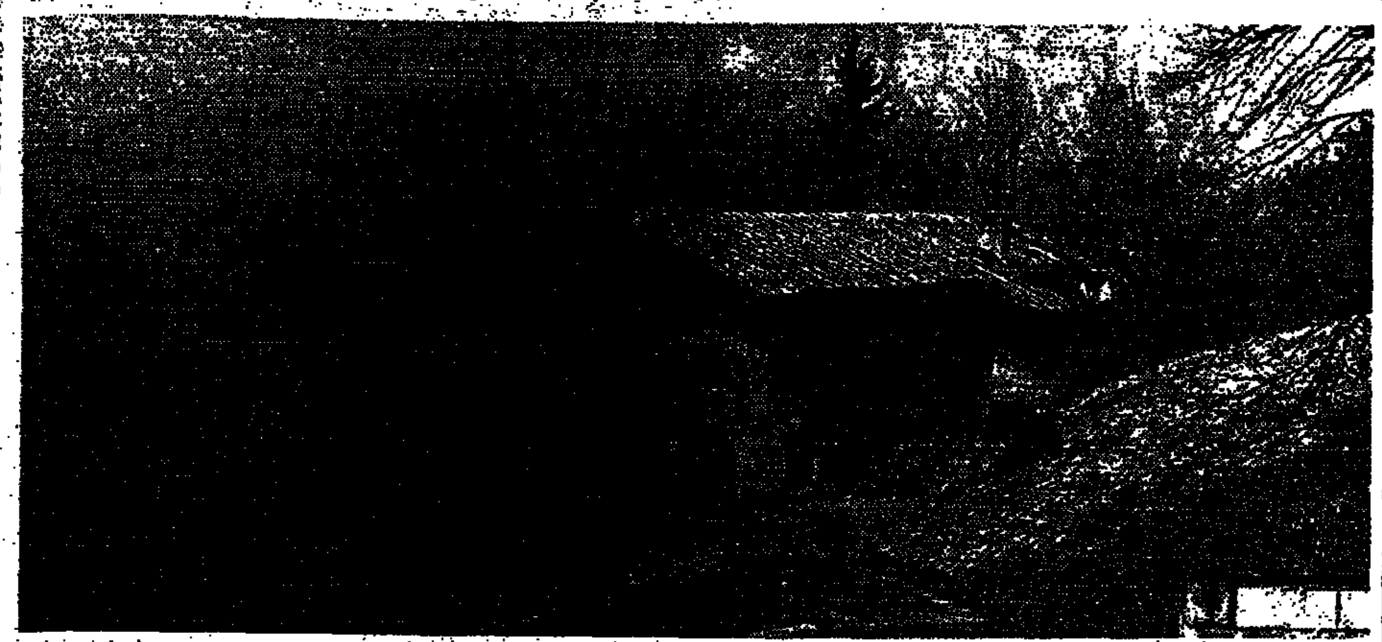
Problems in the camps of the Okavango range from the ridiculous to the tragic. Jeanie recalls an American big-game hunter demanding emergency medical evacuation because he had been bitten on the toe by a mouse. She also recounts a story of crocodile tears involving a German whose wife walked out of a camp early one morning with soap and a towel and was never seen again.

Convinced she had been eaten by a crocodile, the husband spent months hunting and cutting open the fearsome reptiles looking for rings, dental work or any other remains. What drove him on, however, was not a demented passion for his wife, but a desire to prove she was dead. Until this was done, he couldn't marry the true object of his desires, a much-treasured mistress at home. The right croc was never located.

Few sojourns in the Okavango end as gruesomely. The real danger here, as Genie points out, lies not in nature's threat to man; the menace is quite the other way round. Cattle ranching and proposals to exploit Okavango water for development are subjects of growing concern to those with the delta's environmental future at heart. With about 25,000 foreigners now visiting the delta annually, tourism, unless it is controlled, could end up swamping the swamp.

Genie and Phil Davis's daughter — as great an Okavango enthusiast as her parents — recently worked on a BBC film extolling the unspoiled beauty of the delta. One can only hope that she, too, might one day be able to retire to this rare place, find happiness in tsetse fly bites and discover that her film has not become dated.

TRAVEL



One of Hitler's guesthouses in the Alps

# Up into the Eagle's Nest

## *Daniel Green visits the site of Hitler's Alpine home*

THEY TELL a story in Berchtesgaden: on the stained glass of Lake Konigsee, a trumpet sounds. In their electric boat, tourists crane their necks towards the pale cliffs that tower above them. They wait for the legendary echo whose clarity matches that of the Alpine air. But the answering trumpet call is no echo.

The musician who had hiked into the mountains that morning to play this practical joke was subsequently arrested (for sabotage?) in a singularly Teutonic piece of retribution.

On the other hand, his crime was serious. Berchtesgaden, the south east corner of West Germany, where the Bavarian Alps blend into Austria, is a monument to the power of the conservation lobby. Nature is to be revered, not mocked. Petrol-powered boats are banned from the lakes. The rare new building seems to sprout naturally in its thicket of 19th century chalets. The inadequate roads are choked with day-trippers from July to September.

It is also a place unable, in spite of he efforts by the local tourist authority, to escape from its more recent history. Berchtesgaden is where Hitler built his Alpine retreat. The official tourist brochures concentrate on the scenery, walks, cross-country skiing and visits to a salt mine but what British, American and Japanese tourists want to see are the former homes of the leaders of the Third Reich.

Most of the buildings are now in ruins. What was left after the war was razed in the early 1950s on the orders of the Allies, who were trying to prevent the town becoming a shrine to Nazism.

The hotel that accommodated Hitler's eminent visitors, including Edward VIII, has been taken over by the US army. What were once the grounds of Albert Speer's house are now a ski run for vacationing American soldiers. The Eagle's Nest, built by Bormann for Hitler's 50th birthday, still perches on an outcrop above the valley. From it, the Austrian town of Salzburg is visible.

The tourist office makes few concessions to the demands of visitors to the Eagle's Nest. Private cars and tour groups are forbidden from driving up the winding road that was dynamited from the mountainside in 1937. Apart from a three-hour walk, the only way up is by public bus. Next to the bus stop at the bottom is a large carpark and a small postcard booth.

The private sector is not nearly so coy. The thriving local publishing industry churns out cheap books that are alternately hilarious and disturbing. Their detail is astounding, with chapter titles like: *Adolf Hitler's Mercedes-Benz* and *Anti-Aircraft Positions in Berchtesgaden*. Most of the ills of the Nazi regime are blamed on Bormann, described as a "stinker" for his bad temper. Goering "was pretty fat, caused by a wound during the First World War" when he was "a successful fighter pilot." The liberating French Maroccans (sic) "did not behave at all." Hitler himself is described as Bormann's paladin.

Part of the explanation for the rural Bavarians' notorious conservatism is that their world is small. For centuries, military commanders have known that the average line of sight in Germany is only 1,000 metres. In the Alps, that distance is even less. Bavaria's mountain towns are landlocked islands dotting the fringes of a province of a provincial country.

For city slicker tourists, however, the effect can be magical. The morning mist hangs low in the valley, a river above the river. Just upstream, *zauberwald* (magic wood) skirts the snowline. The twin-peaked mountain above Berchtesgaden is named after a legendary king and his wife. The precipices may intimidate or inspire, but locals think nothing of scaling those peaks by moonlight.

Away from the summer months, the *fohn*, a southerly wind, empties the air of dust. The atmosphere seems to magnify distant objects. The foothills of the Alps materialise on the Munich horizon. From one mountain top I saw another where one should not have been. I checked the map. It was almost 100 miles away.

Berchtesgaden became a tourist destination more than a century ago. Before then its poverty-stricken inhabitants scrabbled for a living in the stony soil, with only the gilt and pinkwash of their baroque churches to provide hope of a better world to come.

For many, that world has arrived. In the spotless cobbled town centre, blond couples in designer flak jackets stroll past Rolex boutiques. The sound of Fleetwood Mac spiralling from a fashion house doorway drives away the busking accordion player. Everyone with a dog has a dachshund.

The retirement home tweeness can be overpowering. One of the hottest bars in town has decorated swings for seats. Another emptied at 10.30pm. As a guesthouse owner conceded: "To go for a drink, I wouldn't go to Berchtesgaden."

COLLECTING

# Lessons to be learnt from a big spender

***Homan Potterton** recounts a cautionary tale of a US banker whose forays into the field of corporate art turned sour*

BANKS, insurance companies and other corporations intending to engage in the now fashionable pursuit of corporate art collecting would do well to pay attention to the story of the Miami-based CenTrust Savings Bank.

At a time when the bank was reporting millions in losses, its chairman and chief executive, David L. Paul, embarked on a plan to improve the company's image through art and the distinguished architect, I.M. Pei, was commissioned to design the new CenTrust headquarters.

So far so good: moving to a new "facility" (which is what the Americans call a building) is one of the main reasons why corporate art collections are initiated.

It was when Paul went about buying artworks that things started to go wrong. Instead of Contemporary Art, which is what most corporations buy, Paul plumped for Old Masters: he bought about 30 of them in less than two years at a total cost of $28m. By comparison, Chase Bank – one of the biggest corporate art collectors in the US – spends about $1m annually on art.

Now David L. Paul is something of a financial whizz-kid – *The Wall Street Journal* has called him a "50-year-old chain-smoking dynamo" – but he is no art expert. That did not deter him, however, from making a splash in the New York art market, particularly at Sotheby's. He paid $2.2m for a 17th-century still-life that was estimated at $700,000 and $1.15m for a Mattia Preti that had the same estimate.

However, these prices pale into insignificance when compared with the record $12m (plus $1.2m commission) that he paid, in a private sale negotiated by Sotheby's, for a Rubens.

In making his purchases Paul was advised by Sotheby's Old Master expert, George Wachter. Having acquired the pictures with such élan, Paul added a further refinement to his concept of corporate art collecting: he hung several of the works, including the Rubens, in his own home.

CenTrust's dalliance with corporate collecting came to an abrupt end last spring when the Florida Comptroller told the bank that its art was "unsafe, unsound and unauthorised" and ordered it to sell it within six months. It is now available on the New York art market.

From the point of view of corporate collecting, Paul made several mistakes. In the first instance, he was investing in art: he is quoted as saying: "Old Masters went up 51 per cent last year, and they'll do it again this year."

*'Contrary to what many people assume, few corporations assemble art collections either as an investment or for tax reasons'*

Contrary to what many people assume, few corporations assemble art collections either as an investment or for tax reasons. According to Mary Ann Craft, who edits from Pittsburgh a bi-monthly publication, *Corporate Art Report*, companies collect for the image and status it gives them and also out of a desire to create a work environment that makes for good staff relations.

This is what is called "corporate good citizenship," a concept that originated in the late 1930s with the first president of IBM, Thomas J. Watson. It was he who initiated the IBM Collection, which is generally regarded as the first corporate art collection proper.

Perhaps the only thing that Paul has in common with Watson is the enthusiasm to form a corporate art collection. This, in fact, is how most corporate collections get started.

A classic example is Chase Bank which, like IBM, is a landmark in the story of corporate art collecting. Its collection was initiated in the early 1960s by the bank's chairman, David Rockefeller, at a time when the bank moved to new premises designed by Skidmore Owings and Merrill.

But Rockefeller did not go on such a buying spree through the galleries on New York's 57th St. Instead he assembled an advisory committee of senior curators from the Met, MOMA, the Guggenheim, and elsewhere.

In the US it is no longer done for the chairman (or indeed, the "corporate wife") to be given the task of buying the company's art. The days of the "picture-picker" are also numbered. This is the person – often a dealer – who is engaged to furnish offices with art and who does just that: sticks the pictures on the wall, grabs a fee, and then moves on to the next job, rarely explaining to a client that art must be maintained.

Chicago-based art adviser Emily Nixon says that she never ceases to be amazed that "business executives who would spend days selecting an accounts clerk seem to think that an art collection can be assembled without any thought at all." Nor does it always occur to such executives that it may not be the soundest business sense to seek advice on acquiring art from people who have a vested interest in selling some of it.

Since 1980 the US has had an Association of Professional Art Advisers which lays down guidelines and standards for art advisers. Basically, the Association suggests that an art adviser should have the same training, expertise and experience as a museum curator; and that they should have no profit interest in the art which they advise their clients to buy. When it comes to remuneration the art adviser should not be paid on the basis of a percentage of the cost of artworks bought: instead a salary, a retainer, a time fee, or a percentage of the total budget is recommended.

Nor is the professional art adviser likely to recommend clients to install a corporate collection in their private residence. Instead they can be expected to advise on installation and maintenance in the company's premises and to plan exhibitions and educational programmes based on the collection.

In this context one of the most innovative corporate art advisers is Lynne Sowder, who is curator and director of the Division of Visual Arts of First Bank System in Minneapolis. When she discovered that almost 70 per cent of the bank's employees hated the bank's art she decided to do something about it. She organised a system by which a painting could be banished from offices if a sufficient number of employees said it should be, and only recalled if the same number asked for it back. She also involved the staff in selecting acquisitions.

But now her bank has suffered substantial financial losses; its president, whose enthusiasm for art led to Sowder's recruitment, has resigned; and almost a quarter of its art collection is to be sold.

It makes one wonder if perhaps the David L. Paul method was best after all?

BOOKS

# A witty pen unleashed on Victorian artists

## *Anthony Curtis looks at Shaw the art critic*

**BERNARD SHAW ON THE LONDON ART SCENE: 1885-1950**
**edited by Stanley Weintraub**
*Pennsylvania State University Press (1 Gower St, London WIE 6HA) £47.50, 482 pages*

IT MAY come as a surprise to learn that in addition to his three volumes of dramatic criticism, *Our Theatre in the Nineties*, and his musical criticism, another massive three volumes edited by Dan H. Laurence, Shaw also wrote enough art criticism to fill one substantial volume. Stanley Weintraub, to whom Shavians are indebted already for an edition of Shaw's diaries from 1885 to 1897, has now made the point by putting Shaw's many reviews of art exhibitions and articles on individual painters into book form for the first time.

Shaw the free-lance journalist became an art critic even before his diabolically witty pen was unleashed on music and the theatre. He began by contributing a few round-ups of current exhibitions to the Socialist monthly *Our Corner* edited by Annie Besant. But the big opportunity came through the kindness of his fellow-Ibsenite William Archer, then the dramatic critic of *The World*. The editor asked Archer if he would take on the task of writing some notices of the main art exhibitions. Archer, who had little feeling for art, grudgingly agreed. He suggested to Shaw, whom he was seeing regularly in the Reading Room of the British Museum, that he had better come along with him to the galleries and tell him what to say.

This worked well enough for a while and an elaborate pantomime ensued in which Archer handed over the fee for the notices to Shaw who, even though desperately short of money, politely handed it back. Archer soon tiring of this farce, went to the editor and suggested that as the notices were virtually written by Shaw, why didn't he employ him direct.

Shaw's first notice in *The World* was of an exhibition held at the Fine Art Society, of water-colours of London, by Herbert Marshall, the architect turned topographical painter. The young critic started as scorchingly as he intended to continue: "Mr Marshall when he is not at his best, drops quite a surprising distance. When he nods, his buildings nod too . . ." That was in 1886 and Shaw's art reviews continued regularly until 1890. After that Shaw was too busy to do more than make intermittent interventions on controversial matters concerning art in the form of public lectures and letters to the press about Rodin, (who sculpted him) Epstein and Roger Fry. But he never lost his interest in art.

With the thoroughness typical of the most conscientious American scholarship, Weintraub has been through all this material (some of it never published before in any form) and put it together in chronological order with an ingenious method of editing, whereby the notes telling you who the painters were precede the articles. By placing the cart before the horse, the editor has ensured that the reader's eye remains at one consistent level and does not have to flick the whole time from text to bottom of page in order to discover who, say, Sir Hubert von Herkomer, was.

Even so it seems unlikely that this is a book that anyone, except the dedicated Shavian, is going to sit down and read right through for pleasure. Its value lies as a work to consult, showing how important art was to the cultural life of London at this period. Those majestic Victorian painters Christopher Wood called "Olympian Dreamers" in his book with that title, Leighton, Watts, Alma-Tadema, Poynter, Moore, Burne-Jones, J.W. Waterhouse, as well as lesser figures, Simeon Solomon, Walter Crane, J.M. Strudwick, were all active, with frequent exhibitions. Their works are seen here through the eyes of a critic with an extraordinary power of communicating telling visual detail. His perceptiveness was matched only by his wicked irreverence.

The impact of all this gallery-going on Shaw's plays, several of which were being written concurrently with the journalism (though not produced until later), is much harder to assess than the corresponding influence of his musical experience. As a dramatist Shaw liked to compose arias for actors to speak. The stage pictures he devised were by the same token sometimes indebted to the paintings he noticed in his articles. He described *Candida* as his "modern Pre-Raphaelite play" and insisted in the stage-directions that the only picture on the wall of the parsonage should be "a large autotype of the chief figure in Titian's Assumption of the Virgin" to make his point, as Weintraub observes, that the play was about a Madonna.

Shaw appropriated all that he needed from traditional iconography, the classical and mediaeval subjects so beloved of these Victorian painters, and then he systematically de-sentimentalised it, as eventually he came to de-sentimentalise the legend of St Joan.

Here is Shaw in 1886 in the Grosvenor Gallery at a retrospective exhibition of the work of Sir John Millais. He pauses in front of "The Huguenot" and remarks: "The idea is pretty: the *Family Herald* would not blush to father it. But the *Family Herald* standard of sentiment is only so-so: the picture is ennobled, not by its poetic composition, which is commonplace; but by its painting which is superlative."

Study for *The Huguenot* by John Everett Millais

# Blame it all on Mother Nature

**SEXUAL PERSONAE**
**by Camille Paglia**
*Yale University Press £25, 718 pages*

SEXUAL PERSONAE, according to Camille Paglia, are the masks men and women adopt as they play out their Freudian family romances. She indicates the stamina required from the reader in her subtitle: "Art and Decadence from Nefertiti to Emily Dickinson." If that seems a long row to hoe, then this is a long, unrelenting book which turns out to be even longer in its reach than we might expect, for it does not stop with Dickinson but includes such figures as Elvis Presley, Woody Allen and Madonna. It might have been subtitled "From Magic to Movies: One Hundred Things You Never Knew About Sex". Did you know, for instance, that "homosexuals . . . recognise each other by a mysterious hard meeting of the eyes"? Or that talk-show hosts fall into a new category of sexual personae, "the male mother?"

According to Paglia, the soul of Western man is a battleground occupied by rending forces: the Apollonian desire for order versus the Dionysian darkness. And the Dionysian, warns Paglia, "is no picnic." Men are destined to play out the roles assigned to them by brute Mother Nature. Try as they may to remedy, stifle or celebrate the feminine enemy within, their projects fail. The world may seem made for men, but the last laugh is on them, for the incurable problem with which they wrestle turns out to be woman.

All Western art, Paglia argues, often with brilliant insight but exasperating certainty, is a cavalcade of sexual and cross-sexual personae. The end of art, that is to say primarily male art, is the alchemical ambition, the synthesis of contraries. To reshape, refine, redress the frightful mother from whom all men come and all must flee.

Such a drive is aggressive, formalised and, above all, masculine. It is to be detected throughout Western art, from the murderous queens of Greek tragedy, via Spenser's cinematic Faery Queen to Oscar Wilde's domineering, witty dowagers in drag. Feminists are castigated for their sentimental belief that women must compete with men on equal terms. Women are already complete in themselves, "serenely self-contained." But men are driven by sexual imperatives beyond their control. Doomed by a kind of phallic determinism man must erect, project, perform and fail. From the first flaked flint to the Mona Lisa, men struggle to break free of the power of women.

This is a bulky, magnificently batty book and its marvels are many. From a history of male urination to the story of John Wayne spattering the shoes of an unhelpful film director is but a step. *King Lear* is, alas, "boring", but *Antony and Cleopatra* makes a wonderful movie, thanks to Shakespeare's cinematic gifts and his "hand-held camera." But who in this modern age is fit to star as "Shakespeare's 'tawny' Cleopatra in all her moods, regal, raffish, masculine, maternal . . .?" Why, Tina Turner of course, on the strength of her performance in the pop-video "What's Love Got To Do With It?"

Camille Paglia is a child of the 1960s and she teaches students who are unlikely to have read the authors she refers to, but they will have heard the rock groups (The Rolling Stones) with whom Paglia delights in twinning her dead poets (William Blake). This book might have been called "No, But I Saw the Video." It is the blithe fashion in which Paglia leaps from the blood and mire of man's original fallen nature straight into the projection room that so throughly disconcerts. Cinema is the supreme "Apollonian" form and Hollywood is the modern Rome. The bronze warriors of Homer's Illiad are transmuted into the soup cans advertised on television; Egyptian aristocrats become the first "beautiful people"; Nefertiti has "great bones."

By the time she reaches Emily Dickinson, or "Amhurst's Madame de Sade," Paglia has left the reader whimpering in the rear. Yet on she scampers, dishing up outrageous comparisons and a psychedelic soufflé of mixed metaphors. "The brain has joints," she declares after a gory post-mortem on a delicate Dickinson lyric, "subject to arm-twisting." And before the dazed reader may object, she's off again. "Enough of brains," she cries. "On to lungs."

Well, on to necks, actually. In this case Byron's, who Paglia saves from oblivion, a boring old classic no-one reads, by turning him into an early Romantic rock-star. In the down-town disco Paglia runs, anything is possible. Byron's poem Don Juan gives birth to the Beach Boys and their immortal "California Girls." Byron himself is given Elvis Presley's neck. "Narcistically turning his feminine neck the man of beauty offers his profile for our admiration." Well, Presley's neck maybe, but Fred Astaire's feet? I'm afraid so, "spiralling across earth's dance floor with the merry carnal muses." And who might they be? Why, Ginger Rogers of course, and Rita Hayworth. And if Byron's neck is "late Presley," Astaire is late Byron. "Enough of necks!" do I hear you cry? Very well: on with the merry carnal muses – and have a nice day.

***Christopher Hope***

# Sex and social stigmas

**SEX, DEATH AND PUNISHMENT**
**by Richard Davenport-Hines**
*Collins £20, 439 pages*

IN ZIMBABWE today, where AIDS is striking deep, it is said that witch doctors are telling infected black men that the cure is to have sex with a white woman. It is a vivid example of terrifying nonsense. But wait – in Europe for many centuries it was believed that one could clean oneself of syphilis by intercourse with a virgin. It is evidently the same myth, arising out of similar fears and ignorance.

The similarity is the theme of Richard Davenport-Hines's fascinating and vigorously argued book. Writing "in response to" the devastation of AIDS, his aim is to link perceptions of, and responses to, both venereal disease and homosexuality in Britain since the 15th century. This gives him an historical perspective by which we might better react to AIDS.

He traces a continuity of "human unkindness and fears of contagion." Since it is seen as a "gay plague," he argues, AIDS has "excited human kind's irrepressible urge to excoriate and to punish." He adds, "I show how in Britain contagion fears have been politicised in order to attempt to frighten people into accepting a regime in which sexual appetite is regulated, eroticism is repressed, social conformity equated with health . . ."

There is a pugnaciousness to this which does not always sit easily with the bulk of the book, where its greater interest lies – a description of a 500-year parallel history of VD and homosexuality.

Ever since Columbus brought syphilis back from the New World the link with sin and guilt was inescapable – indeed, it strengthened in the 19th century, just as hostility towards sodomy hardened. That may not be entirely surprising. As late as 1924, syphilis was killing more people in Britain than either cancer or TB. But the fear and the stigma persisted even after the coming of penicillin. Prudery was in constant attendance, and Davenport Hines does not hesitate to suggest that the fiercest homophobes have the most to hide.

This is one area where the author may be in danger of protesting too much: the emphasis on the psychological concept of projection ("the projector constructs a dark mirror of his own fears or desires in a hateful Other, whom he then *persecutes*") is surely too glib; it is not so simple as that. More importantly, you begin to wonder whether the author might sometimes be exaggerating – at moments he has a tendency to rant – and then you spot the contrast with the social historian Peter Gay who has recently shown us how crudely we have misunderstood the subtleties of bourgeois love and sexuality in the Victorian age.

There is not much subtlety in these hard hitting pages, especially the final chapter on AIDS, which would have been better printed as a "counterblast" in the current series of pamphlets. Surely, it isn't true that the Pill and the "Permissive Society" have "scarcely altered the accretion of guilt that surrounds sex?"

Surely the point about Mrs Thatcher's recent veto of a survey of sexual practices was that she was widely *criticised* by many people? Surely, the historian should not equate tabloid newspapers and peers of the realm with true public opinion?

But objections fall aside when we are given the wise and sensible Sir Robert Bruce Lockhart: "Two of the greatest evils in British social life are Venereal Disease and the Press. They cannot command the services of first class men. No young medical student who has any hopes of success dreams of taking up Venereal Disease because there is a social stigma on 'pox-doctors.' For the same reason, no decent man goes into journalism."

***J.D.F. Jones***

# All chewed up

**CHICAGO LOOP**
**by Paul Theroux**
*Hamish Hamilton £12.99, 183 pages*

PAUL THEROUX has gone for a double or perhaps even triple entendre in the title of his latest novel. The Loop is a business and shopping area in downtown Chicago, as familiar to millions of Americans as Piccadilly is to Londoners. But it is also an apt description of the novel's main character, one Parker Jagoda. He is a middle-aged executive, happily married, with a single small foible: he likes to pick up strange women, go back to their place, and – given half a chance – bite them to death.

Jagoda contacts his victims through a small ad in the local paper. Successful, strong, single white male seeks open-minded fun-loving female for dates, companionship and future. Send photo, but don't answer in green ink if you know what's good for you. Jagoda sizes up the replies in a neighbourhood bar. To each he tells the same mildly suggestive story of a youth seducing girls in a fraternity house. It is in their reaction to the story that he decides whether or not he is going to do them any damage.

Sharon is the first woman to react satisfactorily. They go back to her apartment, where she voluntarily allows herself to be tied up with her own clothes, before discovering too late just what Jagoda means when he says he's going to bite her. Afterwards he returns to his own home and wakes next morning to a loving wife who cuddles a baby in one hand and brings him breakfast in bed with the other. He goes to work as if nothing has happened, reading later of a "Wolfman" murderer at large in the city. Could this be him?

Well, yes it could, and after a while the knowledge begins to prey on Jagoda's mind. He continues his life much as before, dating single women, engaging in fantasy sessions with his wife at a local hotel (she dresses as a prostitute and pretends she has never met him before), going with her to exhibitions of erotic male photography in the style of Helmut Newton. He fabricates radically different versions of his life story for strangers on the train, and wages a war on junk food and its additives that borders on the manic. And all the time Sharon is still in the background, the memory of what he did to her gradually eroding his sanity until very little is left to him.

Desperate to atone, Jagoda deposits flowers on her grave, shedding tears both for her and himself. He longs to tell his wife what he has done, but knows he will never be able to. Instead he leaves home without warning and moves anonymously into a furnished room. He dresses as a woman, a woman very like Sharon, and tries to live the life that she led. He picks up men, hoping that one of them will do to him what he did to her. But release doesn't come that easily . . .

All of which adds up to a very powerful and absorbing novel, perhaps Theroux's best for years, certainly one of his most interesting. No one can ever know for sure what goes on in a nutcase's mind, but Theroux gives as convincing an explanation as any. He holds the reader every step of the way, from relatively mild beginnings to a horrific Hitchcockian climax that manages to be both melodramatic and perfectly logical at the same time. The story is not quite up to *Psycho* standards, but it is nice and creepy nevertheless. Read it, and you will never want to answer a singles ad again.

***Nicholas Best***

# Insight on revolution

**WE THE PEOPLE**
**by Timothy Garton Ash**
*Granta Books £4.99, 156 pages*

IF EVER a journalist was "the right man at the right time in the right place" it was surely Timothy Garton Ash in 1989 in eastern . . . sorry, *central* Europe.

The pedantic distinction is a real one in his case. His insights are born of real knowledge rather than casual observation: so he resisted the temptation to become an instant expert on perestroika in the Soviet Union, or even to rush to Romania when the revolution – the only "revolution of 89" that conformed to old ideas about what a revolution should be – broke out there.

Instead he stuck to the four central European countries he already knew – and where, perhaps equally important, he was already known. A quote on the back of the present volume from the Czech writer Karel Kyncl suggests that "in the future there probably will be streets in Warsaw, Prague and Budapest bearing the name of Timothy Garton Ash." Be that as it may, it is clearly true that during the long, grey dawn of central European freedom in the 1980s Garton Ash made himself many good friends among the opposition intellectuals in those cities, who last year found themselves suddenly thrust into the blinding sunrise of publicity and power.

Such friendships are among the most precious assets any journalist can have. The friendship of Vaclav Havel, for instance, enabled Garton Ash to witness the chaotic decision-making processes of the infant Civic Forum in the early days of Prague's "velvet revolution," in the overheated foyers and dressing-rooms of the Magic Lantern theatre, to whose auditorium other journalists were admitted only for a daily press conference.

Perhaps there is a price to be paid in terms of pure objectivity: Garton Ash opens his book with an account of the impromptu election speech he found himself making in a Silesian coalmine on behalf of Adam Michnik, and admits that this might well have been construed as "interference" in Poland's affairs. But pure objectivity, an elusive creature at the best of times, is not what one really looks for in the essay-like *récits*, part narrative, part analysis, which are his stock in trade.

On the contrary, the particular value of this book is that, especially in the Polish and Czech chapters, it enables the reader to feel he is seeing these momentous events from the point of view of a participant. Yet the fact that he witnessed them in four different countries helps Garton Ash to make some instructive comparisons, and also to discern some important common themes, which he draws together in a short, thoughtful final chapter.

For what happened in Poland and Hungary he coins the word "refolution:" the regimes sought a way out of their problems by reforms from above, opening a breach through which hitherto excluded political groups forced their way, turning the process into a revolution from below. In East Germany and Czechoslovakia the collapse was much more sudden, but in all four the process was remarkably non-violent.

This was partly because the regimes fulfilled the classic Tocqueville criterion for a revolution: they no longer believed in their own right to rule, and were therefore not prepared to massacre large numbers of people in the style of Tiananmen Square. But it also reflects the carefully cultivated strategy of non-violence on the opposition side, which was carried through with such discipline and good humour that one almost dares hope for a less tragic aftermath than revolutions usually produce.

***Edward Mortimer***

Fiction

# Priapic props

**THE BUDDHA OF SUBURBIA**
**by Hanif Kureishi**
*Faber £12.29, 284 pages*

**THE MAMBO KINGS PLAY SONGS OF LOVE**
**by Oscar Hijuelos**
*Hamish Hamilton £13.99, 407 page*

**A SENSIBLE LIFE**
**by Mary Wesley**
*Bantam Press £12.95, 364 pages*

AN UNMISTAKEABLE voice is what one hopes to hear; a personality that is recognisable on the page, an unpredictable mind, tone and presence. *The Buddha of Suburbia* is so individual that one tends (I tend) to minimise its faults and gaps and hollows: a first novel to cherish because it is so splendidly itself. Fluent, sharp-eyed, very funny and extremely glum, it is a first-person story of Karim, a young man in England where, half English and half Indian, he hasn't quite got a place and copes with the lack of it through a wide range of artistic props – from irony to jokes, from satire to tenderness, from sexual explicitness to psychological reserve. Trying to find a social and racial identity, he takes refuge in that land of arch-pretend, the theatre, and finds himself playing Mowgli with cocoa make-up and a funny accent.

The novel's fault (apart from priapic obsessions, which can be as boringly repetitive as anything else) is too far flung and busy a plot. It needs tighter control and a more central theme. The Buddha is Karim's father, a sweet old fraud who cons housewives into taking him for a guru; but the main interest lies in Karim himself and some of the small-fry characters, like his friend Jamila and the hopeless but lovable husband, known as Bubble, sent over to marry her from Bombay. Still, in the nature of things no novel is faultless and what counts here is the voice, style, spirit and creative energy, a sort of verve in the face of life's crassness, which gives hope of a sort when things seem at their most hopeless.

*The Mambo Kings Play Songs of Love* has some of the same defects, a sprawling plot and priapic obsessions among them. Sexual explicitness, used over and over again as it is here, defeats its own purpose, which is presumably to excite: used repetitively and monotonously, without variations of feeling or even technique, it becomes the single dull, over-used factor in an otherwise lively and attractive book.

The format is odd. Apart from the sexy bits, it reads almost like a documentary history of Cuban musicians in New York from the late 1940s on: their bands, performances, way of life, their links with the home country and difficulties in maintaining them after Castro's revolution, their overlaps with the cinema and television, their whole old-boy Cuban network. Central to all these and almost the book's hero, is a real man, Desi Arnaz, husband of Lucille Ball and star of the "I Love Lucy" show which ran and ran on television. He it is who gets the story's main characters, Cesar and Nestor, to Hollywood and his show; who befriends not only them but the next generation and generally stands for the sweetness and family feeling of exiled Cubans in the US. But the central story is that of the brothers, their loves, family and professional lives, sorrows, triumphs, machismo and sexual performances. A touching, rather ingenuous tale, the record of a strongly specialised culture, it has the vigour and detail of something remembered with passion.

Back to England, to the "absolutely delightful" school of fiction: Mary Wesley's writing is delightful to many reviewers (see her bookjackets) and readers (see their sales). *A Sensible Life* deals, like other novels of hers, with Romance across several decades, so that the young and the elderly can improvise with it in, respectively, the early years and the late, as the fair-to-middlingly smart/grand/sophisticated lives are plaited together from childhood to old age through (what else?) love affairs and marriage. Flora, the heroine, is dazzlingly beautiful (her eyelashes are *half an inch* long), but true love, the book's single theme, eludes her till the end. If it didn't, though, there'd be no novel.

***Isabel Quigly***

# Best of British in Glasgow

***Mary Rose Beaumont** on the McLellan Galleries' new show*

WHAT IS the difference between the British Art Show and the Great British Art Show? The answer lies in a word. The British Art Show launched the newly refurbished McLellan Galleries in Glasgow in January. The Galleries are the largest outside London, and the flagship of Glasgow's exhibition spaces. It was, therefore, with high expectations that the public, artists and critics alike, awaited the opening of the Show. The hopes of a revelation of young British talent (all the artists were under 35) were dashed in the event, which proved to be a hotch-potch of installations, video and performance (virtually no painting and sculpture) by artists whose names were known only within the limited confines of the art world. The McLellan's beautiful, open airy, top-lit spaces were broken up by temporary boards and screened-off areas.

Now the balance has been magnificently redressed by Glasgow's Great British Art Exhibition, to give it its proper title. Julian Spalding, appointed last year as Director of Glasgow Museums and Art Galleries, felt increasingly uneasy about the proposed content of the British Art Show, and decided to mount his own exhibition as a riposte. Dismayed at what he perceived to be an elitist exhibition aimed at an elitist audience, he felt that the gallery-going public in Glasgow deserved an exhibition with "the ability to interest people." Many British artists of international standing, such as Auerbach, Freud, Hodgkin, and Hockney, had never been seen on public display in Glasgow, and Spalding set to work to assemble, within six months, paintings and sculpture, preferably recent, by some fifty artists.

As it turned out, all the artists were more than willing to co-operate, and many produced work especially for the exhibition. David Hockney's freely painted "A Bigger Wave" refers not only to Hokusai but also to his own famous picture in the Tate, "A Bigger Splash." Hockney also indulged his fascination with technology by transmitting a multipartite fax of musical scores. Although most of the artists are "middle generation," the exhibits astonish by their vigorous contemporary sensibility; there is nothing retrograde or stick-in-the-mud about the work, despite instant stylistic recognisability.

Sir Anthony Caro's "Elephant Palace" is a huge baroque fantasy in patinated and waxed brass, confirming his return to a referential language. Peter Blake's contribution is divided between his late Pop style and a tongue-in-cheek abstract painting plaintively entitled "Am I Too Late Now to be an Abstract Expressionist?" Raymond Mason's extraordinary sculpture, "Latin Quarter," showing a crowd of students strolling down the Boulevard St Michel, verges on fairground kitsch, anything but elitist - indeed, accessible to all.

Detail from 'Departure' by Paula Rego, 1988

As is proper, Scottish artists are well represented. Spalding felt that it was "a kick in the teeth for Glasgow" that Peter Howson, Ken Currie, and Stephen Conroy (all under 35), who had already proved themselves to be of interest to a wider public, were not included in the British Art Show. Here, each is represented by a fine piece of work. The Boyle Family was commissioned by Glasgow District Council to make "Road Work Study (Urban Renewal Glasgow 1990)" to mark the City's designation as Cultural Capital of Europe. The title is inadequate to describe the immense slab of painted fibreglass, which is a portrait of a Glasgow street, cluttered with manholes, drains, and corrugated iron.

John Bellany's personal odyssey is contained in his self-portrait in hospital after a life-saving operation, and a memory of his childhood in "Scottish Sabbath." Sir Eduardo Paolozzi's bronze self-portrait, with a computerised head, is, frankly, Frankenstein. Ron O'Donnell's colour photograph, "Rusty Nude," is a savage portrait of Margaret Thatcher, her head a waxwork surmounting a body of old tin cans and bits and pieces from a disused smithy, an ironic comment on the Iron Lady. Ian Hamilton Finlay lets fly with plaster heads of four of the people he loves to hate, pillowed on straw in willow baskets, as if they had just been guillotined.

This is an exhilarating exhibition, which will put fresh heart into those downcast by the rigours of "post modern modernism," to quote Spalding again. The only pity is that it will not be seen outside Glasgow.

# Heritage wheels and deals

*Demands on the Fund's restricted purse will not go away, says **Antony Thorncroft***

THIS HAS been rather a good ten days for the British heritage lobby. The much derided makeshift defences that creak into action when a national art treasure is threatened with export, or decay, have once again proved their worth – but at a price. The main bulwark, the National Heritage Memorial Fund, has had to write out cheques for £8.5m, which cuts its reserves down to its basic inviolate endowment fund of £17m. Even this sum is only half the price that the Getty Museum of Malibu paid recently for Van Gogh's "Irises," underlining how precarious is the financial breakwater holding in the UK's arts heritage.

But it now seems possible that Canova's statue of "The Three Graces" will stay here, thanks to a £7.6m offer by David and Frederick Barclay, reclusive Scottish twins and businessmen, which matches the price the Getty was willing to pay, and which suggests that the export controls can still do their job.

And the National Gallery has taken possession of a view of the Westerkerk in Amsterdam by Jan van der Heyden, which satisfied tax on the estate of the late Mrs James de Rothschild amounting to £2.8m, and which implies that the acceptance of works of art "in lieu" of tax procedures can be made to work.

And Brodsworth House, a Victorian country mansion near Doncaster which looks virtually the same as it did when first occupied in the early 1860s, has passed into the safe keeping of English Heritage, with the National Heritage Fund picking up the bill of £3.36m, which shows how two national institutions can co-operate fruitfully.

Throw in the saving of the Rattigan papers at the British Library; the final handing over to the National Trust of the £4.5m, also from the Heritage Fund, which ensures the preservation of the 18th century landscaped gardens at Stowe; a Munch woodcut which goes to the Whitworth Gallery in Manchester through the "in lieu" procedures; and the possibility that the Mappin & Webb Victorian corner at the Mansion House in the City will not now fall beneath the developer's axe, and it adds up to an impressive result.

But, as ever, any rejoicing must be tempered. The Secretary of State for Trade and Industry, Mr Nicholas Ridley, has extended his empire to control the export of works of art and, in his perverse delight in causing mayhem, could still decide to let the Three Graces go, even though there are now two preservation proposals (Jacob Rothschild's ingenious idea of buying the "Three Graces" and then setting it off against the inheritance tax on his aunt's estate is still in the ring along with the Barclay offer) on the table.

And the National Heritage Fund's recent splurge has left it exposed to any unexpected claims on its munificence. As well as the big sums paid out for Brodsworth and Stowe it has maintained its sympathy for less newsworthy causes – it has just given £200,000 to the Royal Society for the Protection of Birds to secure the North Abernethy Forest in Aberdeenshire and £2,000 to the Devizes Museum to enable it to acquire the archaeological drawings of a local worthy, Philip Crocker.

Now it awaits a decision on its future funding. It is sure of an annual grant of £3m for 1990-91 but it badly needs the promise of another £10m for 1991-92 to shore up its depleted reserves and to meet its obligations. It must set aside £2m for the still unresolved Mappa Mundi mess; on a more mundane level it has been asked to help save two fairground rides, the Razzle Dazzle and the Steam Yacht Neptune, which will leave the country if £240,000 is not found; and this week it was suddenly confronted with the spectre of the Duke of Beaufort auctioning off his early 18th century baroque cabinet unless the Victoria & Albert can raise £4m to buy it over the next four years.

Demands on the Heritage Fund's restricted purse will not go away and objects are getting rapidly more expensive, too rapidly think some observers, who point out (pace the Beaufort cabinet) that no object of English furniture has sold at auction for more than £1.7m. No attempt was made to keep Turner's painting of "Folkestone" in the country after Agnews had estimated it to be worth £20m, and some eyebrows were raised over the Van der Heyden painting which was was valued at £4m to secure its tax saving of £2.8m.

Apparently the painting had initially been offered, on Christie's valuation, at £7m, and only firm bargaining by the Museums and Galleries Commission succeeded in fixing a lower price. The deal should give a boost to the "acceptance in lieu" procedure, an under-exploited method of preserving the national heritage. In theory up to £12m in tax liability is set aside each year by the Treasury to cover works of art offered "in lieu" of inheritance tax. But this sum has never been fully taken up, although the idea is winning converts among auction houses and a few top solicitors.

In 1988-89, £6.7m of tax liability was converted into art for the nation. This year this sum will be exceeded, for on top of the Van der Heyden an important announcement is expected next month. An "in lieu" arrangement can be very attractive. On top of the tax saving there is a "sweetener" of around 25 per cent. To improve on the final deal, the executors of Mrs James de Rotshchild would have needed to sell the painting at auction for an unlikely £10m. No wonder Christie's was happy to negotiate its transfer into the National Gallery, especially as it still collected a 5 per cent commission.

A faltering auction market may direct more treasures towards museums through the "in lieu" procedures, and through private treaty sales, but an increased flow would strain the limit on the "in lieu" reserves, while private treaty sales to museums, which also carry tax benefits for vendors, are inhibited by the lack of purchasing funds at British galleries and museums, which collectively stand at around £13m a year.

So although the recent news has been good there can be no complacency. Mr Ridley seems to be riding a free trade coach and horses through the preservationist instincts of Mr Richard Luce, the Minister for the Arts; the National Heritage Fund's resources are at their lowest level for years; the continued freezing of museum purchasing grants means that no attempt is being made to keep in the UK the recently discovered "Dancing faun" bronze sculpture by de Vries, which Sotheby's sold for £6.82m; and while the "in lieu" alternative to the gamble of the saleroom is winning converts it, too, is inhibited by unrealistic financial restraints. There will be many more heritage battles ahead.

## Radio

# Fancy editing

THE "NEW series" of *Feedback* on Radio 4 on Sunday only means the resumption of the old series with Chris Dunkley, suspended for a week or so. Better points are raised in this feature than on the Radio Times letter page, and, as one complainant said, at least the producers are brought in to face the charges. "Dreary afternoon plays" is too generalised for an answer, and anyway depends on taste; but "fancy editing" of the news brought out the Deputy Producer of *Today*. He defended the use of background noise alongside news-items on the ground that the news would sound "drab" without it. I wonder if he heard the chap from an East Berlin racecourse in *Europhile*, who spoke his piece from a cantering horse with obsessive breath?

What has happened to Saturday Night comedy was another question. Well, *And Now in Colour* has happened to replace the current Fry-up. This is written and performed by Tim Firth, Tim de Jongh, Michael Rutger and William Vandyck, who all sound young and unsophisticated. They make unsophisticated jokes about their names, time-shares, British Rail, seductive cosmetics, great myths of Cornwall ("it's an important or interesting place"). There were better jokes than that, but this gives an idea of the formula – bright Sixth Form. You can't argue about humour; either you think it's funny or you don't, and I'll stay benevolently neutral.

Wednesday's afternoon play was *My Uncle Freddie*, first of a trilogy by Alex Ferguson. It was set in Jarrow in the 1930s, nowhere drearier imaginable, but this was a comedy. (On Monday afternoons we have *Flummoxed Four Times* about Wallsend, so people from the south may tell *Feedback* there's too much BBC North.)

*My Uncle Freddie* was set in the needy 1930s, but I didn't find it dreary, only too dependent on local colour. The author reads the narrative, setting the scene, and a Newcastle 15-year-old, Karl Boyd, plays him nicely in his '30s life. Freddie (Art Davies), unemployed, gets a £20 handout from an American charity, and in spite of everyone's proud determination not to accept such alms, he spends every penny on tinned pineapple for the poor who have not had such luxuries for a long time. It must have seemed deeper in the '30s.

*Related Variations* (Radio 3, Tuesday – not an afternoon play) was a monologue for Ian McKellen as a pianist, taking a master-class because he can no longer use his hands. I can imagine, but never love, anyone who found such a theme dreary, especially as the McKellen reminiscences became increasingly sad while his pupil despatched one after another Rakhmaninov's *Variations on a theme of Corelli* with increasingly evident perfection. I must not disclose the master's reflections, for they comprise the plot – not closely related to the variations as far as I could see, more to Rakhmaninov's life, still more to his own. This was a splendid hour, both by McKellen and the pianist Graham Scott. Peter Kavanagh directed, with an audience (silent) in the studio

I hoped for more in *The Revelation* (Radio 4, Thursday), for it was no less than the final book of the Bible, with Derek Jacobi speaking the words of Saint John the Divine, and Philip Sully those of Jesus. But we had only the highlights of the Revelation – no beast with seven heads and ten horns whose number was six hundred and threescore and six, no Armageddon even. I do not know what I should think of the Revelation from a theological viewpoint, but with its four horsemen and its seven seals and the rest it is a popular work of devotional art.

What we had of it was well done, with some handsome ecclesiastical music by Peter Howell of the BBC Radiophonic Workshop. James Whitbourn directed, and for him I must quote the antepenultimate verse of the Book: "If any man shall take away from the words of the book of this prophecy, God shall take away his part out of the book of life." This is pretty specific.

***B.A. Young***

## Video

# Spring fever

IT IS a funny old world. Are we all approaching second childhood? Surveying the April video releases, I see that in the spring a young viewer's fancy is expected to turn to rip-roaring comic-book adventures or tales of animals, cuddly or ferocious.

*Batman* (Warners), *Indiana Jones And The Last Crusade* (CIC), *The Bear* (RCA/Columbia) and *Roselyne And The Lions* (Palace) lead the field. Following close behind are a pack of Easter-packaged cartoon characters, including the estimable Scrooge McDuck in two choicely titled Disney perennials, *Earthquack* and *Microducks In Outer Space*. And we cannot forget, however much we might prefer to, the popular cop-and-dog comedy *K-9* (CIC), starring James Belushi and something large, slobbering and hairy.

Faced with this field of runners, many viewers will reach for their high-frequency sonic binoculars. But let us be kind-hearted. Easter is upon us and children, at least, should enjoy the Batman and Jones sagas. (Even adults will garner pleasure from two fine cameos in the respective movies, from Jack Nicholson and Sean Connery.) Meanwhile, of the two French animal films, *The Bear* is bearable and Bavarian-shot (lovely scenery); and *Roselyne And The Lions*, despite its dotty story of two youngsters running off to find fame as circus lion-tamers, has some hair-elevating scenes of danger in the ring.

So much for Easter. Fortunately human beings, when not attempting to gift-wrap the ridiculous, are known to shake off all encumbrances and reach for the sublime. April ushers in a collection of Shakespeare plays in BBC productions. With Kenneth Branagh's *Henry V* showing that the Swan of Avon can still win friends and Oscar nominations, no better treat than to savour Derek Jacobi in *Hamlet*, Anthony Hopkins in *Othello* and Kate Nelligan in *Measure For Measure*. Invest now. It is only 16 days to Shakespeare's birthday and he would be most touched.

In trying to direct your attention to the sublime from the ridiculous, we must also point out two baseball films starring Kevin Costner. These are *Field Of Dreams* (Guild) and *Bull Durham* (Virgin). American cinema in 1989 placed baseball on the pedestal of national myth: something it has been trying and failing to do for decades. Nary a week went by last year without the sight of mittened madmen running about diamond-shaped patches of grass and sand. Nary a week went by without the still more startling sight of British audiences enjoying the spectacle.

If the acclaimed *Field Of Dreams* is self-consciously poetic (Iowa farmer razes cornfield to build baseball pitch and ghosts of famous players past come to the opening), it has moments of visual magic and a performance of husky grandeur from Mr Costner. And *Bull Durham* is a gusty comedy of young love and ageing sportsmen: splendidly written and directed by ex-baseballer Ron Shelton (late of *Blaze*) and showing that baseball can be a deft symbolic backdrop to tales of more indoor sportsmanship.

Elsewhere the month is given up to tasty curiosities. Ron Mann's *Comic Book Confidential* is a witty tour of the comic strip's history, from birth to old age and on to its Indian summer on the movie screen. *Peeping Tom* (Warners) was the late Michael Powell's horror-directing debut: a tale of murder and voyeurism vilified in its day (1960) but now widely hailed as a classic. And you could well re-see Walter Hill's lively crime yarn *48 Hours* (reissued by CIC at a knock-down £9.99), since *48 Hours 2* is on the way even as we speak, with the same director and same stars (Eddie Murphy, Nick Nolte.)

Finally, dear readers, a request. Much as I have enjoyed fielding your letters asking "How do I get hold of such-and-such a video?", their number is now becoming alarming. There are simpler ways for you to find out this information than through me. If enquiries to your local video shop do not help, why not write to the British Videogram Association at 22 Poland St, London W1V 3DD? The only reason I ask this of you is that I can no longer reach my front door. I am three feet away and still machete'ing through the mountain of mail. I hope to be out by next week. Happy Easter.

***Nigel Andrews***

ARTS

# Molière with music

TO CELEBRATE the tenth anniversary of the reopening of the Châtelet, the Théâtre Musical de Paris mounted a splendid new production of Molière's last play, *Le Malade Imaginaire*, with the complete incidental music of Marc-Antoine Charpentier – the first time, it is claimed, this has been done since the reign of Louis XIV. In 1672 Molière's tame composer Lully, as unscrupulous as he was ambitious, defected when he sensed that opera was the coming thing. Armed with a scandalously monopolistic royal privilege, he took over the new but struggling Académie Royale de Musique and began a new phase in his career.

Molière engaged Charpentier, a church composer with little theatre experience who none the less showed a remarkable grasp of the genre of comédie-ballet, a blend of speech, dance and song on the lines of Molière and Lully's *Le Bourgeois Gentilhomme*. The three acts of *Le Malade Imaginaire* (1673) are framed by a formal prologue in praise of the Sun King, two musical interludes connected precariously with the plot and, as grand finale, a burlesque initiation ceremony for a new member of the medical corps – Argan, the "invalid" of the title, having been persuaded to become a doctor himself in the hope of curing his obsession with imaginary illnesses and bogus remedies. There is nearly as much music as spoken dialogue.

The entertainment last close on four hours, but doesn't feel long in this admirable staging by Jean-Marie Villégier and Christophe Galland, with choreography by Francine Lancelot and commedia dell'arte scenes by Adriano Sinvia. The music is in the expert hands of William Christie and his vocal and instrumental group Les Arts Florissants – substantially the team responsible for the much acclaimed (and much travelled) production of Lully's *Atys* three years ago.

Sadly this was Charpentier's last work for Molière, who was taken ill playing the title-role during the fourth performance and died a few hours later. The company kept the play in their repertory and were in due course asked to perform it for Louis at Versailles. Charpentier revised the music twice, at some point adding an Italian serenade for Polichinelle in the first interlude and a "little impromptu opera" for the young lovers in act 2. The music for these, long believed lost, was unearthed in the Comédie Française archives by John S. Powell and is now included. The whole score is delightful – lively, light-footed, melodious and, for example in the rapid alternations of speech and music in the Polichinelle scene, when a dance previously heard is splintered into fragments between spoken phrases, ingenious.

Carlo Tommasi's permanent set is a handsome architectural conception with steep perspective prolonging the false proscenium framing the orchestra to what appears to be the back of an exceptionally deep stage. While it gives plenty of room for producers' and choreographers' sweeping, flowing but unfussy movement-patterns, the space is on the large size both for speaking and baroque-style singing voices. The comedy, with Jean Dautremay as an accomplished but subdued Argan and Christine Murillo as a vigorous Toinette loses some of its bitterness – Molière is ruthless in exposing the pomposity and pretension of the medical profession but equally merciless to their hypochondriac patients. The booby Thomas Diafoirius (unsuccessful suitor to Argan's daughter) of Arthur Nanzyciel and several cameos dramatic and musical by the gifted high tenor Dominique Visse were enjoyable. The tensile Polichinelle of Alain Trétout was a bonus. Among the singers tenor Howard Cook and bass Bernard Deltré distinguished themselves. Some soprano tone in the prologue was wan. Ensemble work excellent, instrumental playing delicious. The complex finale with conductor William Christie leading the mock rituals as Praeces (he and his players in costume) and poor Argan whining his litany of "clysters, bleedings, purges" went with a swing.

A special word of praise for the costumes of Patrice Cauchetier – period costumes with no nonsense about contemporary references – the fact that in the world of medicine Diafoirinses, Purgons and of course hypochondriacs, are still with us needs no producers' underlining. Plumes are used spectacularly where justified, as in the exotic second interlude; the variety is controlled with knowledge, skill and – dare one use the wicked word? – taste. This co-production with Montpellier (sponsorship from Fondation Société Générale Pour la Musique) will be shown in that city from 19 to 22 April. Would that it could cross the Channel.

**Ronald Crichton**



# The rise and fall of a despot

***Max Loppert reviews the ENO's new Macbeth at the Coliseum***

A CYNIC'S view might be that the new *Macbeth* at the Coliseum (sponsor: British Gas) is an entirely predictable sample of current English National Opera "house style." This means a mixture of skewed, slanted stage perspectives, surrealist images (a sofa gashed out of a wall, a bed dangling from on high) and modern trimmings (great-coats, fedora hats, 3-piece suits, floral frocks, much police and army brass) out of TV and film drama – and all of it bearing a close family likeness to the ENO's recent *Masked Ball* and, before that, to their *Lady Macbeth of Mtsensk* and *Mazeppa*. The most startlingly radical thing a producer could do here, I begin to feel, is to set a staging of an opera in past periods of history (perhaps even the one devised by the librettist?): if we saw a crinoline, a suit of armour, or a tartan tunic on this stage we'd probably all drop dead of shock.

But David Pountney's Verdi production (in the designs of Stefanos Lazaridis and lighting of Paul Pyant, to a new translation by Jeremy Sams) does not merit cynicism, for as the evening progresses the viewer becomes ever more convinced that its purpose is, indeed, serious, even didactic. The rise and fall of a despot and his power-hungry consort is a subject full of "relevance" at this particular point in world history. Without being too specific in their choice of parallels – the formula Macbeth-equals-Ceasescu is not lammed home – Pountney and Lazaridis show us a couple of Eastern Europe types increasingly besotted with the "voluttà del soglio," and ever more grotesquely vulgar in their dispensation of absolute power.

The Banquet scene, with the Macbeths slinking around in silk pyjamas topped with royal robes and crowds forced into absurd Thank-The-Great-Couple routines by tight knots of security police, is a typically tight, swift-moving, well-plotted piece of Pountney stage direction. So too the finale, where the complex ironies of people-triumph are tellingly conveyed. (Green-branch-bearing crowds cause the troops to lay down their arms.) But I did not feel that the danger of simplistic equivalent-finding was always avoided: that is, the reduction of an opera into a neat package of "pat" formulas.

The death of Banquo, an underground opposition figure complete with samizdat typewriter, is at once ingenious and rather banally busy. Far the more imaginative and illuminating side of this ENO *Macbeth* is its penetrating glimpse into the psychological undergrowth of the leading pair. The performers – Jonathan Summers (in a Charles Manson wig and pony-tail) and Kristine Ciesinski (in a slinky Morticia dress and severe chignon) – focus their superbly detailed characterisations upon Lazaridis's symbols-made-flesh (the image of the marital bed assumes particular resonating power); a sense of being within opera's narrative core is the production's most notable achievement.

In this regard, the use of the full 1865 score (Verdi's Paris revision of his 1846 Florence original) complete with added dance music, perhaps the best Verdi ever wrote, is of great importance. For the invocations of the supernatural, which Pountney transposes into scenes of urban black-magic, reach their climax in the ballet – Ian Spink's Second Stride dance company brilliantly hold the stage here, and the vision of cosy yet alarming rituals rising and falling out of the everyday is pursued with enthralling exactitude. Elements of "cross-dressing" in the dance troupe add to the creepiness.

In sum, and for all my own intermittent sensations of *déjà vu*, this is a *Macbeth* with, at least, something to say – which must surely be the preferable kind. As ever in this house, the strongest argument in a producer's favour is the electrifying account of the music he seems to have inspired in chorus (at their very best) and orchestra. Mark Elder's gifts as a Verdian have seldom been more impressively displayed. The mixed styles of the music, 1846 and 1865, are unified by the conductor's total theatrical command; the performance moves with lean, springy rhythmic tread, which never straitjackets the voices; the gleams of colour flash out with dark brilliance, each one judged for dramatic impact.

The solo singing bears, in the best way, the marks of "house style." John Connell (Banquo), whose soft-grained bass infuses the aria with just the right blend of nocturnal emotions, and Edmund Barham (Macduff), in lusty, free-voiced form, can be specially admired for their no-frills honesty. Mr Summers's baritone seems to be going through a period of unevenness, poised and slightly glum phrases following each other in unpredictable succession, but he is, as we know well, an actor who holds this stage intent.

As always I warm greatly to Miss Ciesinski, loose and economical in movement, a free spirit on any stage. Her soprano, an instrument of great but by no means flawless beauty, lacks metal and speed (and, at the close, a top D flat). Her generosity as a performer makes all passing bumps and unevennesses of small account.


Alastair Muir
The Macbeths: Jonathan Summers and Kristine Ciesinski

# Murderous passions

RENE-DANIEL Dubois' short play, *Being at Home with Claude* at the King's Head, provides a dazzling showcase for his French Canadian compatriot Lothaire Bluteau, Luminary of the film *Jesus of Montreal*, who has lost nothing in transition from big screen to small stage. Four characters appear in the play but more than a third of this 90-minute excursion into sexual dementia is devoted to a monologue of such devastating emotional force that one fears for the wellbeing of Bluteau's nervous system, forced to repeat the experience nightly for the length of the run.

The piece opens 36 hours into the interrogation of a surly young rent boy who has given himself up to police for the murder of his lover but who refuses to give away anything else: under the coaxing, cajoling, the lies and the threats of a really rather decent police inspector, he finally erupts into a graphic reconstruction of the passion that turned him into a murderer.

It is a familiar theme – the perfect love that cannot last coupled with a morbid preoccupation with the linking of passion and death. Claude died, we hear, in smiling ecstasy, pumping his life's blood all over the boy who has slit his throat. The crime is set at the time of the 1967 Montreal Exposition, for no obvious reason other than to clear it of the shadow of the Aids era when the link between sex and death cannot be so romantically made.


Alastair Muir
Lothaire Bluteau

The play itself, reduced to essentials, is dubious in both value and values, but such is the power of Rob Mullholland's production that one doesn't give a damn for essentials. Impishly smiling, creased with exhaustion or racked by rigours which have him quite literally foaming at the mouth, Bluteau – his French accent almost impenetrable at moments of extreme emotion – gives a performance which had several in even the hardened first night audience hunched heads in hands.

It is the sort of high voltage display that is seldom unleashed on the English stage and which would be unlikely to work anywhere bigger and less claustrophobic than the King's Head – a venue which brutally exposes every muzzy spot in a production. Although their sole function is to provide a foil to Bluteau's pyrotechnics, David Howey, as the Inspector, and Harry van Gorkum, as his unshockable, gum chewing stenographer, do so with a focus and a discretion that set him up for life. Or death.

**Claire Armitstead**

# This was your life, Kozlovsky!

***Arthur Jacobs attends a very unusual birthday tribute in Moscow***

IT STARTED like any other performance of *Yevgeny Onegin* at the Bolshoy Theatre, but the expectant Moscow audience knew it would turn out as something different. Sure enough, at the moment when the tenor playing Lensky should introduce Onegin himself, he sang instead that he was bringing in a 90-year-old.

Enter, to the audience's applause, the slim, white-haired, evening-dressed figure of Ivan Kozlovsky. A tenor whose style is remembered for long-distant, classic authority – and whose name, indeed, was thus evoked in these pages recently by Andrew Porter – was receiving the birthday homage of the public, fellow-artists and the whole Soviet cultural establishment.

The singer was led to a seat of honour on a dais, and Chaikovsky's opera continued (in extracts) as a personal tribute to him. Lensky's love-song to Olga was redirected as "WE love you;" the symbolic harvest-sheaf was presented not to Madame Larina but to the guest of the evening. Kozlovsky responded to each salutation with spry humour. He did not sing (not even, as might have been hoped, a stanza of Monsieur Triquet's song) but once or twice he took a ballerina's hand, twirled her round, and lifted a leg in a token dance-step. Breaking off the sequence, the company also toasted him in the Brindisi from *La traviata*.

Under the conductorship of Fuat Mansurov, and with such fine singers on stage as Yelena Zaremba (who so notably impressed a recent Covent Garden audience as Konchakovna in *Prince Igor*), the atmosphere contrived to be both artistic and informal. Older members of the audience, even if they did not go back to Kozlovsky's Bolshoy debut in 1926, were able to recall some of his famous roles commemorated in the souvenir programme – among them the Holy Simpleton in *Boris Godunov*, the title-role of *Lohengrin*, and Orpheus in Gluck's opera of that name. Within the experience of younger music-lovers he continued as a distinguished recitalist, recording Rakhmaninov songs at the age of 65.


Ivan Kozlovsky as the Holy Simpleton in 'Boris Godunov'

This operatic tribute, however, was but the smaller part of an evening which extended to four hours. After the interval the USSR Minister of Culture, Nikolay Gubenko, read out a congratulatory message from Mikhail and Raisa Gorbachev. He was followed by mini-delegations from a dozen artistic organisations with speeches, flowers and sometimes performances as well. The Moscow Conservatory of Music greeted him as "a great teacher not on the staff;" the sentiment of the Moscow State Philharmonic Organisation was represented by a baritone rendering of Grieg's song, "I love you;" orations on stage were made by the actor Innokenty Smoktunovsky, by Moscow's most celebrated opera producer, Boris Pokrovsky, and others. A salutation from Vishnevskaya and Rostropovich, until recently among the "unmentionables," was read out and applauded.

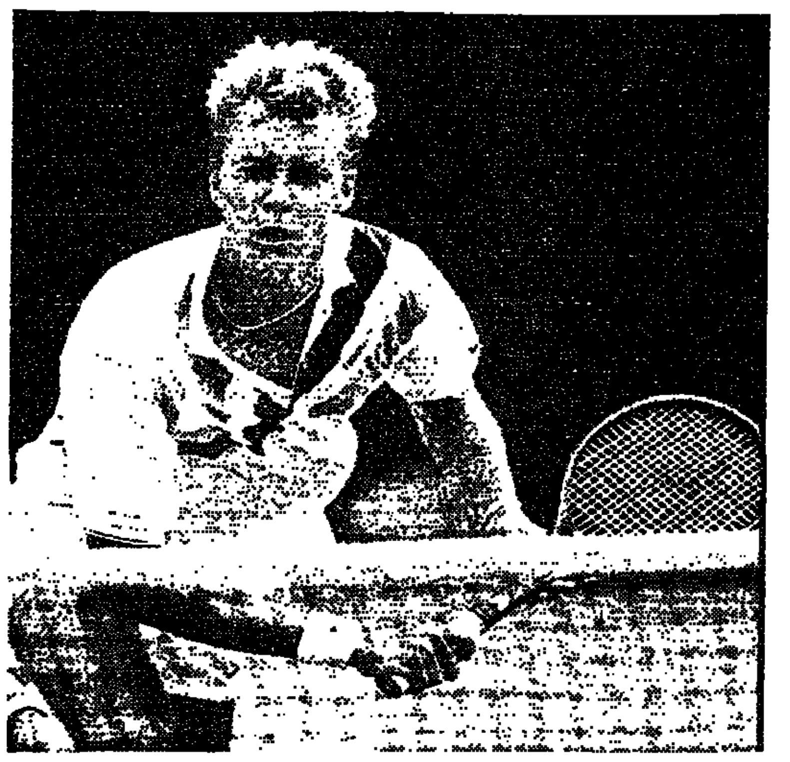
This was your life, Ivan Semyonovich! Brought from Kozlovsky's native village in the Ukraine, 100 kilometres from Kiev, a choir mainly of children sang a religious chant. Another choir – men in black surplices – represented the Moscow Patriarchate, their performance being amazingly followed by an Archimandite's blessing Kozlovsky on stage, an act for which the singer removed his Ukrainian cap and bowed his head.

To every gesture, every speech Kozlovsky was tireless in response, kissing the women enthusiastically and mingling Ukrainian and Russian acknowledgements. At one point he advanced to the piano to try a few bars from a Liszt concerto, at another point he could be seen "persuading" a comely young woman violinist to let him join (at the piano) in the Barcarolle from *The Tales of Hoffmann*.

Would London or New York, I wondered, honour any musical veteran of whatever fame with such a magnificent (if over-long) evening? And would any finale have been so comically inappropriate as Moscow provided to end this Kozlovsky tribute? A fifty-piece Red Army band paraded on stage and played, as its sole contribution, Sousa's *Stars and Stripes for Ever*. Perhaps, dare I suppose, because Kozlovsky is one of the "stars for ever . . ."

An irony of the whole event was that, whereas the Bolshoy remains the inevitable location for such an event as this, its actual opera and ballet organization is widely said to be under severe artistic strain. Next evening I went instead to my favourite little operatic theatre in Moscow, the Chamber Opera, and experienced a gloriously warm and theatrically cunning performance of Britten's *Let's Make an Opera!* – in Russian, of course, with children on stage and in the audience equally enjoying themselves. Finally as the rescued little chimney-sweep went on his horse-drawn way to safety, there were affectionate cries of "Goodbye" as well as "Do svidanya."

SPORT



Chris Bailey: will courage be enough?

# Bailey's hard fight for tennis fitness

*Britain's best prospect is hoping to make his comeback.* ***John Barrett*** *reports*

IT IS 12.22pm on Tuesday, February 20 1990. The date is etched in his memory, a frozen moment in time: his whole future is in the balance. "I put all my weight on the right leg and, as I twisted to play the shot, my foot locked and I heard this crack and went down like an ox."

Chris Bailey grimaces as he remembers. "At first, I thought I'd snapped my cartilage . . . but there wasn't much pain and almost no swelling. When I got up and tried to put some weight on the leg it seemed to be alright so I decided to play on."

The other competitors at this first indoor tournament of the four-week British satellite circuit in Croydon, Surrey, are too busy with their own problems to take much notice of the battle between Bailey of Britain and Ericsson of Sweden which is taking place in lonely isolation on Court 5. Only a dozen or so spectators seem interested in this first round match, some glancing occasionally through the window of the courtside restaurant, some lounging on the wall outside.

For this is the unglamorous part of the professional tennis jungle, the place where the hungry young predators of the circuit, the apprentices of the world game, prowl the courts and devour one another in quest of experience and computer ranking points. "It's the points, the bloody points," growls an intense young Australian. "Without the points you can't even get into the quallies, but until you get into the tournaments and win a round or two you don't earn any points."

Classic Catch 22. Acutely aware of Bailey's need for points is Nigel Sears, the 32-year-old manager of the Lawn Tennis Association's Laing Squad of which Bailey, a tall 21-year-old from Norwich, was once a member. He is also the British No. 3's personal coach. Sears is anxious about Bailey's condition. It has been a close match and the loss of the injury point puts Bailey 0-2 down in the final set.

The hobbling Briton, using the long reach of his 6 ft 5 in frame to advantage, somehow breaks back for 1-2. But as he goes to play a backhand in his next service game, the weakened knee appears to buckle beneath him. It is obvious he will have to retire. Sears is crestfallen. "He'd done everything right, the right smooth-soled shoes for those grippy indoor grass courts, the right training, the right match preparation. And he was beginning to play well again, too. He'd reached the quarters of the Challenger at Telford by beating the top seed, Lars Wahlgren, who's ranked 85 in the world, and in the second Challenger he'd beaten the sixth-seeded Frenchman, Olivier Delaitre, who's ranked 125 and has been up in the 70s."

Not until an arthroscopic examination at the BUPA Hospital in Harpenden revealed a snapped anterior cruciate ligament with frayed ends was the full seriousness of the injury realised. Basically there were two options, both chancy. Surgeons could replace the damaged ligament, either with carbon fibre (which had a poor success rate) or with tendon from a hamstring, an operation that would mean a lengthy period of convalescence.

Or Chris could work like hell to strengthen the muscles of the leg to support the joint and then play in a leg-brace. There are encouraging precedents for this. The Swedish player Jan Gunnarsson, ranked 52, has an identical injury and plays successfully in a brace – as have Greer Stevens, Kathy Jordan, Aaron Krickstein and Glenn Layendecker. There was a third alternative, too awful to contemplate. Chris could give up the game and become a policeman, like his elder brother Simon.

That was a course no-one ever mentioned, though deep down Chris knew that it might come to that in any case. "We are a very united family and they have been wonderful. I owe my parents a lot. They were broke when I was on the way up and couldn't even afford the £10 for a restring. Now that I've started to establish myself it's lovely to see them buying a new carpet and a new suite. That's why I'm determined to build up the leg and get back on the circuit."

Bailey's determination these past five weeks has been impressive. So has his work rate. "We do four one-hour sessions a day in the gym," says Sears. "He's incredibly focused and we've also been able to build up the upper body which there was never time to do during tournaments." Last week Bailey started hitting balls again. He's already up to 1½ hours a day. "What I really need now is match play. It would also be a great help if Nigel could travel with me full time."

That is something the LTA should be prepared to finance. Bailey is the best prospect Britain has had for years, as he proved last year by beating Canter, Pereira and Masur at Queen's and reaching the semi-finals at Livingston. He has shown plenty of guts in fighting back from injury and deserves the chance to make it in his own way.

# The killing game

Continued from Page I

are possible risks. How far down the line do you go? Point-to-points? Gymkhanas? Show jumping? Fox hunting? It is no help to horses to oppose the riding of horses. Should we say that horses should only be used for agricultural purposes?"

The three groups most intimately involved in National Hunt racing are jockeys, trainers and owners. You don't get much sense out of jockeys, and few admit to fear, however many times they have been hurled to the ground and smashed their bones. What they get from the job is incredible excitement. Charlotte Brew, the first woman to ride in the Grand National, has said that jumping Becher's is like jumping off the end of the world. Josh Gifford, a former star jumps jockey and now a top trainer, once told me that "the worst feeling in the world is not having a ride in the National. I rode around Aintree – the National and other races – maybe 40 times, and never had a fall. Maybe I was lucky. I was unseated three times, pulled up once and refused once. Out and About, for example, unseated me at the third last. Now *there* was a head case. Nerves? They don't come into it. If you suffered from nerves you wouldn't be doing it."

As a matter of fact, champion jumps jockey Peter Scudamore, whose looks have been likened to those of a street-smart French pop star and who rode a record 221 winners in the 1988-89 season, is unhappy with the modified Becher's. "The National was unique," Scudamore has said. "It was a test, and now they've spoiled it." In his view, Becher's may be even more dangerous now than formerly. "Everybody's going to stampede down the inner, and one day there is going to be a horrible pile-up."

Among owners, a good chap to chat to is Ivan Straker, chairman of Seagram Distillers, which has sponsored the Grand National since 1984 and hopes to renew its contract when the current five-year deal expires. In 1983, Seagram provided £400,000 to help save Aintree. A public appeal had raised £2m, and the Horserace Betting Levy Board had put up £1m via an interest-free loan. With Aintree saved, the freehold was put into a charitable trust and the racecourse leased to a subsidiary of the Jockey Club for 999 years.

"It looked like goodbye to the Grand National," says Straker, whose company has so far spent about £2m on Aintree and the National, plus further big sums on brand promotion and corporate entertaining. "It looked doomed. I thought this was dreadful. Certainly the racing public and horse lovers generally didn't want this to happen." So in stepped Seagram. "As a result, Seagram will be renowned for ever and a day as a Canadian company that saved a very important part of sporting heritage. Today, Seagram has a high and respected profile in this country, and I believe that that is due to the Grand National. It is the most successful corporate sponsorship that I know. Only three others come to mind: the Cornhill Tests and Gillette Cup in cricket, and the Whitbread Round The World Race in yachting. Who had ever heard of Cornhill before those Tests?"

The Seagram chairman says that his family has been involved in National Hunt racing for "generations," and that his dearest ambition is to win the Grand National. A horse of his finished 7th, 6th and 2nd in the great race; now he has another one, Mister Tuftie, only five years old, trained by Gordon Richards. "Mister Tuftie is said to have good potential, but it will be four years until he's ready, so I'd like to find a mature horse to bridge the gap, an eight- or nine-year-old." How much would a good Grand National prospect cost? "Anything from £30,000 to £75,000."

I asked Straker why jumps racing had bloomed like it has, why it was so successful. "In the UK," he said, "a lot of people love owning a horse. But today Flat racing is all about breeding and money, so if we want to own a horse we turn to National Hunt racing, which has not yet been spoilt by money."

The air seemed to chill when I steered the conversation towards safety and Grand National fatalities. Straker swivelled in his chair, lit a cigarette, puffed out hard, began to speak more slowly and far more resonantly.

"Aintree is a very safe course for both jockey and horse," he said. "That is a definitive statement. The percentage of fallers at Aintree over the last two years has been lower than the percentage at the Cheltenham festival. Over the last 45 years only nine horses have been killed at Becher's. That is nine too many but an average of two every five years hardly signifies a dangerous fence. Over those 45 years Becher's will have been jumped about 4,000 times.

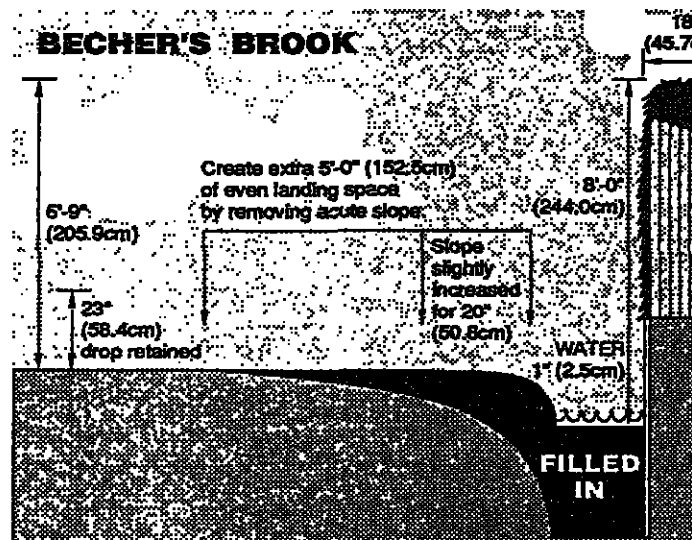
"We did not want to change either the character or the challenge of the race. Becher's is still a big fence and it still has a drop, but whereas (formerly) you could land on sloping ground and roll back into a ditch, now you land on a flat surface and maybe roll back into a very shallow ditch. Both horse and rider have to be supremely fit. Aintree has recaptured its former glory. The Grand National is safe, and will go from strength to strength."

There is no doubt that Aintree is making a good fist of its recovery. Since 1983 it has spent almost £5m on improving its track and facilities. After today's race, it plans to start work on a new £2.8m grandstand. Last year's Grand National crowd was 74,189. Total prizemoney at the 1990 meeting is around £500,000, including £120,000 for the big race itself. Seagram sponsors all 19 races at the meeting, at a direct cost of £271,860. "The National now makes very healthy profits," says clerk-of-the-course John Parrett. "We wanted people to feel they were at a venue suitable for the world's greatest steeplechase."

The Grand National will never be short of apologists. Some years ago, Hugh McIlvanney, generally rated as the best sportswriter in the English language, claimed that the Grand National was "such a swirl of interlocking experiences, such a flood of collective action, of good breaks and bad, that it is fatuous to try to define what is just and what is unjust. If there is justice, it is of the rawest, most existential kind. The race is as arbitrary and incalculable as life . . . The Grand National is often cruel but appreciation of it does not imply sadism or even callousness. Undeniably there is something primitive in the essence of the event, in its unique appeal, but that is true of all the greatest happenings in sport."

Personally, I wouldn't be seen dead at Aintree today. I will watch the television. As the runners and riders line up for the "Off" I will mutter a sort of prayer which will touch, if I do not stumble, upon the names of Brown Windsor, Call Collect and Bigsun; of Durham Edition and Bonanza Boy and Polyfemus; of The Thinker and West Tip (the winner four years ago); of Ghofar, Lastofthebrownies, Rinus and Mr Frisk – to name just a few of those most prominent in today's betting. Four-and-a-half miles. Becher's. The Canal Turn. Valentine's. The Chair.

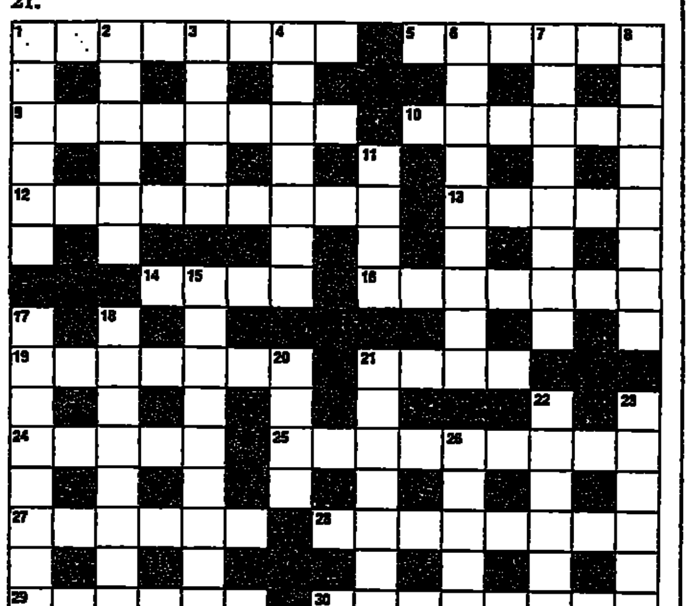
Heaven help the horses.




## CROSSWORD

No. 7,209 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 18, marked Crossword 7,209 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 21.



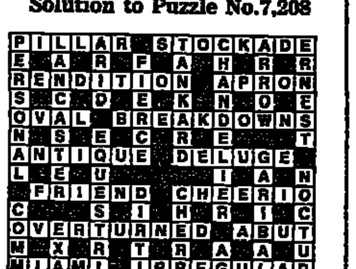
**ACROSS**

1 Facsimile of car order? (8)
5 Blockhead can come back with repartee (6)
9 Bloody shock for an American warbler (8)
10 Worker approaching border in N. Ireland (6)
12 Brother giving forenames incorrectly (9)
13 Souvenir for old widow, a bit short (5)
14 Game reserve? (4)
16 Discussion group remains open (7)
19 Pressman's leader article – champion article to cure the world's ills (7)
21 Licence to get through? (4)
24 Jack up for rally (5)
25 He may not mind if 'is stomach is upset (9)
27 Score left in outskirts of Torquay (6)
28 Greek plain, long task (8)
29 A second class way overseas (6)
30 Hatter's function once held in Boston (3-5)
17 Noted comedy? (8)
18 "Sapper" originator? (8)
20 An old line of relief (4)
21 Crossing a road (7)
22 One in three, perhaps, or one of two? (6)
23 Rather painful pennypinching? (6)
26 Contraction suffered in handicap (5)

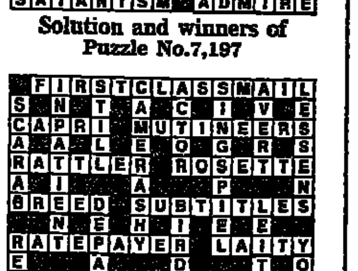
**DOWN**

1 A tendency to be off course (6)
2 It turns up, fades away and clears up (6)
3 Such Poles, we hear, may carry a brave face (5)
4 Country girl in Reading, say? (7)
6 One who is dull, or amusing in a way (9)
7 Bend on country road in Lancaster, for example (8)
8 One is punched on the way to work (4-4)
11 Building society workers? (4)
15 Carrots he cooked for those in the pit (9)

**Solution to Puzzle No.7,208**




**Solution and winners of Puzzle No.7,197**




B. Clare, Rickerby, Cumbria; John Gracey, Epping, Essex; F.W. Hall, Dronfield, Sheffield; F.W. Marston, Poole, Dorset; Miss P. Mathew, Poole, Dorset.

## TELEVISION & RADIO

### SATURDAY

†Indicates programme in black and white

**BBC1**

**BBC2**

**LONDON**

**CHANNEL 4**

**S4C WALES**

**ANGLIA**

**CHANNEL**

**GRAMPIAN**

**GRANADA**

**HTV**

**SCOTTISH**

**TSW**

**TVS**

**TYNE TEES**

**ULSTER**

**YORKSHIRE**

**RADIO**

**RADIO 2**

**RADIO 3**

**RADIO 4**

### SUNDAY

†Indicates programme in black and white

**BBC1**

**CHANNEL 4**

**BBC2**

**S4C WALES**

**LONDON**

**ANGLIA**

**GRAMPIAN**

Action from the Women's Football Association Cup. A new series, *Women's Soccer*, starts on Channel 4 at 5.30pm

**GRANADA**

**HTV**

**SCOTTISH**

**TSW**

**TVS**

**TYNE TEES**

**ULSTER**

**YORKSHIRE**

**RADIO**

**RADIO 2**

**RADIO 3**

**RADIO 4**